Hong Kong, Singapore, The Hague, Marseille, Miami.

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Iran Report Portrays Pattern of Deception



enator David L. Boren discussing the panel report

on the fran-contra affair. LATE NEWS

Reagan Backs

Supercollider' WASHINGTON (AP) -President Ronald Reagan will seek funds from Congress to build the \$6 billion nuclear particle accelerator known as a supercollider," Energy Secretary John S. Herrington an-nonneed Priday.

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ALL A DESCRIPTIONS

Cold DRAWL

Proponents of the machine say that if the European CERN constitute sees ahead with plans to build a similar society stor and the United States does not the world's top physics re-searchers stimost certainly would flock to Europe.



A Zhou dynasty bell, a "blockbuster" from James Lally's new gal-lery sale. Souren Melikian reports, Page 6.

BUSINESS/FINANCE Sweden imposed a price freeze on most goods and ser-vices. Page 7.

Reagan Aides Were At Odds

By David E. Rosenbaum

WASHINGTON - A report on the Iran-contra affair made public by the Senate intelligence committo the setting interingence commit-tee portrays Reagan administration officials as regularly deceiving one another, and Congress, about main elements of the operation. The report, released Thursday, cites evidence that President Ron-ald Reagan use remarks in the con-

ald Reagan was primarily interest-ed in trading arms for the release of At least seven federal inqui-ries into the Iran-contra affair

are being conducted. Page 3.

hostages and reveals that some profits from the sale of arms to Iran may have been used by an Israeli official for "other projects." It does

not specify those projects.
It also cites evidence that some profits from the arms sales were eposited in bank accounts controlled solely by Richard V. Second. a retired air force major general and two retired officials of the Central Intelligence Agency, apparently for the benefit of the rebels in Nicaragna. None of the three men are now in the government. Before now, it had not been known exactly who controlled the accounts.

The 65-page document, in the form of a chronology beginning in early 1985 and continuing through this month, draws no conclusions.

It was based on a three-week investigation by the Senate intelligence panel under Republican leadership last month. The investigation inchided testimony from 36 witnesses and the examination of thousands of pages of documents from the White House and other agencies.

ed not to release a report that had been prepared by the Republican When Democrats gained control of the committee with the begin-

Earlier this month, the panel vot-

ning of the new Congress, the panel "started afresh" and prepared the document released Thursday, according to the chairman. Senator David L. Boren of Oklahoma

The report does not introduce new persons or dramatic new epi-sodes. But it provides a fuller dents than earlier drafts.

important figures like Lieutenant ambassador to Britain since Au-Colonel Oliver L. North and Vice gust 1984. Admiral John M. Poindexter had refused to testify, citing their con-stitutional right against self-in-

Late Thursday, the committee voted, 17-1, to publish the report. Mr. Boren said it would be used as a foundation for a more extensive incurry this year by the special Senate committee that has been appointed to investigate the entire affair. A companion House committee is conducting a parallel

investigation. The report cites evidence, however, that disputes Mr. Reagan's contention that the principal pur-pose of the arms deals was to open a strategic relationship with "moderate" officials in Iran.

The document says Mr. North, who directed both the arms shipments and the aid to the contras, See IRAN, Page 5



President Pieter W. Botha stood to attention at the opening of South Africa's Parliament in Cape Town on Friday.

Pretoria's Envoy to U.K. Quits, May Seek Election S10.7 billion from a record \$19.2 billion in November as imports fell and exports held steady. The figure, considerably better than most

JOHANNESBURG — Denis tion. Worrall, South Africa's ambassagovernment said Friday. There an independent candidate in the were reports that he would chal-elections, the first for the all-white

Cape Town, also warned nations that have supported sanctions against South Africa that he would reconsider both the "content and direction" of his country's relations

The resignation of Mr. Worrall was announced by Foreign Minister R.F. Boths. He said that the ambassador "bas asked to be re-Mr. Boren stressed that the document was "preliminary" because agreed." Mr. Worrall, 48, has been

In London, Mr. Worrall said he had resigned to return home and "re-enter national life," but he made no comment on whether he will run against the governing Na-

tional Party that he has long sup-"In particular, I believe that this is a time for bridge-builders within all communities in South Africa to make themselves heard," Mr. Wor-

rall said in a statement. The Cape Times newspaper reported that Mr. Worrall, among the strongest supporters of racial re-form in President Botha's National Party, was considering running against the party in the forthcoming elections, in which only white ers will participate.

Mr. Worrall, the newspaper said. was increasingly dissatisfied with the lack of concrete initiatives toward reforms in South Africa's po-

dor to Britain, has resigned, the whether Mr. Worrall would run as

Mr. Botha, announcing the elec-tions in an address to Parliament in the white chamber of Parliament, and the far right Conservative Par-See ENVOY, Page 5

By Peter Maass

International Herald Tribune
BRUSSELS — The European
Community and the United States,

after narrowly averting a trade war

over American grain exports, are

bracing for hostilities on other

Instead of opening a new period f cooperation, the compromise

agreement reached Thursday after

acrimonious negotiations appears

to have fueled anti-American bit-

terness in the EC - notably in

France, Greece and Spain. This

could increase the chances of dis-

putes emerging over such issues as aircraft subsidies, experts say.

"We're going into a period of more puglistic trade policy," a U.S. diplomat said. "The Europe-

ans are going to be combative and

night within the EC during talks to

Pensions increased Thursday

lenge the governing National Party in the May 6 partiamentary elections announced Friday by President Ficter W. Botha.

The Progressive Federal Party.

Deficit In Trade

December Total Fell but 1986 Remains Record

Compiled by Our Staff From Dispatche. WASHINGTON — The U.S. merchandise-trade deficit narrowed sharply in December as the nation trimmed its appetite for imports, but the shortfall for all of 1986 widened to a record \$169.8 billion, the government reported

plus soared last year. Page 7. The dollar firmed in Europe on U.S. trade news. Page 11.

that imports for the year rose percent from 1985, to \$387.1 billion, while exports increased only 2 percent, to \$217.3 billion. Although expected, analysts said the record shortfall for the year was

likely to strengthen calls in Congress for protectionist trade legislation. They noted that the deficit with Japan, which widened to \$58.6 billion from \$49.7 billion in 1985, was the largest trade imbalance ever posted between two nations.

For December, the department said the trade deficit narrowed to expectations, was the lowest deficit in nearly two years.

The sharply better monthly fig-ure reflected a fall in the value of imports, to \$29.1 billion from \$37.8 billion in November, the department said. Exports were virtually unchanged from a month earlier, however, at \$18.43 billion.

Government and private economists expressed cautious optimism about the December figures, but warned that a rapid impro

Grain Quarrel Is Settled but Other Disputes May Emerge

Madrid resisted this clause, saying it was excessive, and would

harm the interests of Spanish farm-

Some compromises were offered.

and Madrid backed down, but the

incident illustrated the extent to

which the grain battle has strained

Many trade experts said the no-tion of trans-Atlantic cooperation

has taken a beating in the dispute.

In the EC, they say, is a feeling that

the community has again given in to pressure from Washington. An EC grain official complained

EC-U.S. relations.

See TRADE, Page 5

ratify the grain agreement. The that "the community always ends problem centered on the pact's up by accepting the will of the



Rodrigo Ularte, a leader of the urban poor, raised an envelope of petitions as he shouted out demands for land reform at a rally attended Friday by President Corazon C. Aquino in the southern Philippine city of General Santos.

Philippines Will Purge Renegades in Military

By Michael Richardson

forces chief of staff, said he had recommended that a special board of officers be set up to investigate and end "the reported destabilizing activities of some members" of the

of world economic imbalances.

which aggravate trade tensions. A

huge trade deficit and budget gap

are causing the U.S. to pursue its

Meanwhile, the EC's Common

Agricultural Policy, which subsi-dizes overproduction of farm prod-

ucts, is coming under worldwide

These pressures have forced each

side into positions where they have

become more sensitive to domestic

See EC, Page 5

attack for being protectionist.

trade rights more aggressively.

We are cleansing the military because we inherited a military full of potholes from the Marcos regime," Mr. Ileto said in an interview with Reuters.

lion, which ended Thursday.

This was an apparent reference to political intervention and other irregularities and abuses involving the armed forces during the rule of former President Ferdinand E.

would be tried in open courts-martial. But he said he could not rule out the possibility of further attempts to destabilize the govern-

Analysts said the statements Aquino had not lost control of the been seen "moving around freely." armed forces and would firmly but did not say where. rosecute renes

the president. They said the military urgently needed to put its affairs in order because the armed forces might

peace talks with the government. General Ramos and Aquilino Pi-

fairs adviser, also made it clear that both military and political figures behind the attempt to seize control of key bases and communication centers in and around Manila would be prosecuted. General Ramos said he had or-

nels, a major and "a few others," whose names were not released. General Zumel is a former superintendent of the Philippine Mili-tary Academy, an elite officertraining school.

He and the two colonels are

political lobbies, the experts say.

International Flerald Tribune

MANILA - Military leaders announced Friday that the Philippines armed forces would be purged of elements that were inolved in the attempt to topple the

General Fidel V. Ramos, armed

Both he and Defense Minister Rafael Beto stressed that only a

Mr. Ileto said the officers and men implicated in the rebellion

guarantee that foreign merchants be allowed an annual quota of 2.5 million tons (2.3 million metric tons) of corn and sorghum exports to Spain. Exports from the United States, they say that the United States, which show no softening, are symptomatic

dered the arrest of Brigadier Gen-eral José Maria Zumel, two colo-released "until the dust clears" af-

ent military supporters of See MANILA, Page 5

Pages 5& # Language Purists Turn a Deaf Ear To Growing Use of Spanglish in U.S.

By Lydia Chavez New York Times Service

NEW YORK - To many Hispanic New Yorkers, vacuum la car- need for new words. peta means to vacuum the carpet. The phrase would baffle their counterparts abroad, however, since by most dictionaries it translates into "to vaccinate the portfo-

Spanglish, the literate cry. But members of the little known North American Academy of the Spanish Empuage say Spanglish does not exist. There is no separate language, they argue, merely people who speak Spanish and English badly. The North American academy

one of 22 academies in the Spanish-speaking world that are keepers of the tanguage — was formed in New York in 1973. It is the yourgest participant in a tradition that began in 1713 when King Philip V established the Royal Spanish Academy to "cultivate and to set Standards for the purity and elegance of the Castilian tongue."

The 22 academies meet jointly every four years; the next meeting will be in 1988. Between these larger meetings, the North American academy, comprising 41 profestors, linguists and authors, meets about six times a year to consider inguistic trends and to collect

words for the Spanish dictionary. The North American academy represents the fifth largest Spanishspeaking country and the most diverse. Moreover, with much of the to describe a carpet was unaccept- the Spanish word for boiler.

has become useful in foreseeing the Although more tolerant of An-

glicized Spanish than some of their Latin American colleagues, the

'Language is in continuous revolution, and we must recognize the changes imposed by the way

people speak. - Eugenio Chang-Rodriguez, Academy member

U.S. academy members are far from liberal.

"Language is in continuous revolution, and we must recognize the changes imposed by the way people speak," said Eugenio Chang-Ro-driguez, a professor of Spanish at Queens College and a member of

world's new technology developed able, because Spanish already has a in the United States, the academy word for it — alfombra.

Moreover, even after a word has permeated the Spanish-speaking world, the academy waits to see if the word will survive the test of "It usually takes decades," Mr.

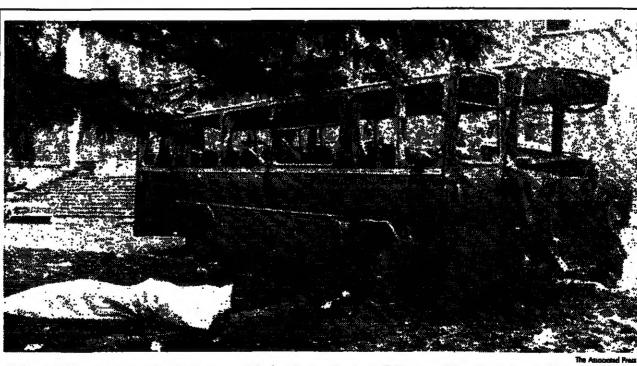
Chang-Rodriguez said.
Often, Anglicized words develop from necessity, said Theodore Beardsley, president of the Hispanic Society of America. It was not until 1956, Mr.

Beardsley noted, that Spain included a word for steering wheel in its official dictionary. By then, he said, it was too late to impose volunte over the handful of other words that had been created throughout the New World. While most of the very obvious

aberrations of the language are heard on the street or seen in badly translated advertisements, Mr. Chang-Rodriguez said, he is most outraged when Anglicized words creep into the speech of educated

Lately, he said, at some of New York's most cultured Hispanic tables, he has heard, aplicación, used to denote application instead of the Spanish word solicitud.

The Spanish spoken in New York, Mr. Beardsley said, stems in part from a lack of some words in Caribbean Spanish. He noted that the warm native climate, for examthe noted, however, that carpeta some Dominicans and Cubans with



Police said Basque separatists were responsible for the bomb attack Friday on this military bus in Zaragoza, Spain.

Military Bus Bombed in Spain; 2 Dead, 39 Hurt

ZARAGOZA, Spain — A car bomb destroyed a military bus in the central Zaragoza on Friday, killing an army major and the civilian driver and wounding 39 persons, the police said.

Police said they suspected that Basque separatists were responsible for the bombing.
About 200 pounds (90 kilograms) of explosives in the car went off when the bus, carrying instructors to the Zaragoza Military Academy, drove by during the morning rush

The explosion ripped through the front

and side of the bus, killing the driver, Angel Ramos, 46, and wounding all 24 officers and enlisted men aboard the vehicle. Major Mannel Rivera 45, died later in a hospital. Doctors said six persons, five of them mili-

tary officers, were in serious condition with The attack sent shrapnel and glass flying up to 250 yards (230 meters) away, wounding

16 passers-by and a blind 60-year-old woman selling lottery tickets. Interior Ministry sources in Madrid said they believed the attack was in retaliation for

setbacks that the Basque separatist group ETA has suffered in Madrid and the Basque region.

ETA, the Spanish acronym for Basque Homeland and Freedom, needed to show its strength after police captured nine suspected members of its Madrid Commando organization this month, the sources said.

The Madrid Commando staged two car bomb attacks in the Spanish capital last year. killing 17 paramilitary civil guards.

Military officials said it was the first guerrilla attack in Zaragoza in seven years.

Waite Said to Be **Tricked**

Militia Official Says Envoy Is Now a Hostage

BEIRUT - A senior Lebanese that Terry Waite, the Anglican envoy who has been trying to negoti-ate the release of Western hostages in Lebanon, had been kidnapped by the captors of the foreigners he

sought to free.
The militia official said: "My information is that Waite will not be returning as he is kidnapped. He has been added to the list of hostages." The official asked not to be identified.

Mr. Waite has not been seen since he left the Riviera Hotel in West Beirut on Jan. 20. From his arrival in Beirut on Jan, 12 until then he had been escorted by militiamen loyal to the Druze Moslem chieftain, Walid Jumblat. According to his escort, Mr. Waite had

asked to be left alone. The militia official said that Mr. Waite became a hostage "the day he left without his bodyguards. That was the trick they played, be-cause they had planned for him not to return and did not want the bodyguards to know where they

In Tunis, meanwhile, a senior Palestine Liberation Organization official said that \$2 million was release of David P. Jacobsen, an American who had been held hostage in Lebanon for 17 months. Salah Khalaf, better known as

Abu Iyad, said that the money was paid in cash by Mr. Waite. Mr. Khalaf is a close aide of Yasser Arafat, the PLO chairman.

The Lebanese weekly magazine Ash-Shiran, which disclosed the U.S. arms sales to Iran in November, said that Mr. Waite was under house arrest and possibly kid-

Earlier, several sources said that Mr. Waite had been seen in Lebanon's eastern Bekaa Valley. The were intended as a public assurance Associated Press quoted a militia that military leaders loyal to Mrs. leader as saying that Mr. Waite had

[In Washington, diplomatic sources said that Mr. Waite was being held by the Shiite Hezbollah, or Party of God, in a political tugof-war between the militant Moshave to resume large-scale opera- lem group, which has close ties to tions against Communist guerrillas Iran, and Mr. Jumblat, AP reportsoon. The Communists announced ed. The sources said Mr. Waite had ed. The sources said Mr. Waite had Friday that they were breaking off undertaken his latest mission at the

suggestion of Mr. Jumblat.]
Before his disappearance, Mr. mentel, Mrs. Aquino's national af- Waite had held face-to-face meetings with Islamic Jihad, which is holding hostages and demanding the release of 17 prisoners jailed in Kuwait for their part in a series of 1983 bomb attacks there.

Ash-Shiras quoted political sources as saying that Mr. Waite ter the latest Gulf War offensive by Iran toward the Iraqi city of Basra. It said Mr. Waite was seized

when the kidnappers detected U.S. military preparations for a strike against them and the countries supporting them. The magazine quoted sources "close to the issue of the hostages." In Tunis, Mr. Khalaf said of Mr. Jacobsen's release: "The money was paid through Waite in cash."

He said that the cash did not come

directly from the U.S. government

but that American companies con-tributed to a fund intended to be used as ransom money. Separately, two bombs exploded in the Christian and Moslem areas of Beirut within minutes of one another Friday. Six persons, including an 8-year-old boy, were killed and several were injured in Christian East Beirut. There were

See WAITE, Page 5

Israelis Report **Soviet Contact**

TEL AVIV - The Israeli and Soviet ambassadors to the United States held secret talks in Washington this week on Jewish emigration and a Soviet role in Middle East peace talks, Israel Radio said Fri-

day.

The Israeli Foreign Ministry declined to confirm or deny the report. Israeli and Soviet officials held a widely publicized meeting in Helsinki in August to discuss renewing consular ties but it broke down after only 90 minutes.

The latest report added to signs that Moscow is reviewing its policy toward thousands of "refuseniks" Jews whose requests to emigrate to Israel have been rejected. Foreign Minister Shimon Peres said this week that Israel would only accept a Soviet presence at a Middle East peace conference if Moscow restored diplomatic relations with Israel, which were broken off after the 1967 Middle East war. and ended discrimination against

2 Dissidents in Soviet Will Be Freed, Forced to Leave, Sakharov Says

By Bill Keller

New York Times Service MOSCOW - The Soviet authorities have said that two prominent human rights campaigners. Anatoli Koryagin and Sergei D. Khodorovich, will be released from prison and forced to emigrate, ac-cording to Andrei D. Sakharov.

Mr. Sakharov, the dissident physicist, said Friday that the KGB, the Soviet internal security agency, had called in the wives of the two men and told them their husbands would be freed if the families agreed to apply for exit

Both men were among 14 "prisoners of conscience" whom Mr. Sakharov had urged Mikhail S. Gorbachev, the Soviet leader, to free when Mr. Sakharov was allowed to return to Moscow from internal ex-

tyana, confirmed the report Friday and said that both she and her husband had reluctantly agreed to leave the country.
Western diplomats said the news

appeared to be part of a broader acceleration in Soviet handling of dissident cases, including the unexpected release in recent days of at least four lesser-known dissidents and promises of drastic changes in the criminal laws governing political activities.

They cautioned, however, that in the past Soviet officials have sometimes told relatives that prisoners were to be released and failed to follow through. The wife of one leading dissident, Anatoli T. Mar-chenko, was invited to apply for emigration papers in December shortly before officials disclosed that her husband had died in pris-

tor of a fund to aid political prisoners. It collected money from for-eign and Soviet donors to help dissident families with travel expenses, child support and other

In 1983, he was charged with "slandering the Soviet state" and was sentenced to a labor camp in the northern Siberian town of Norilsk. Mr. Sakharov said that Mr. Khodorovich's health had deteriorated from frequent beatings and

long terms in an isolation cell.
Dr. Koryagin, 48, a psychiatrist,
was arrested in 1981 for smuggling
to the West reports on use of Soviet mental hospitals to punish political and religious dissidents. He was sentenced to seven years of labor of Mr. Park has rearranged the and five years of internal coile for South Korean political landscape. ing "anti-Soviet propa-

Another prisoner on Mr. Sakhar-

Gunmen Kill

Wife of Irish

Guerrilla

old sons, the police reported.

and screaming, found Mrs.

McGlinchey, 29, slumped over the

Police readblocks were set up

Dominic McGlinchev, 32, a for-

mer chief of the Irish National Lib-

eration Army, a Marxist offshoot

of the Irish Republican Army, was

year term at Portlaoise prison in

The Irish Republican Socialist

Party, the political wing of the Irish

National Liberation Army, said in

a statement Sunday that Mrs.

McGlinchey's killers belonged to a breakaway faction of the group. It described them as "pro-British

Army came to prominence in 1979 when it claimed responsibility for

killing a British member of Parlia-

ment, Airey Neave, in a car bomb-

On Jan. 20, at a hotel in Droghe-

da, 20 miles (32 kilometers) south

of Dundalk, two gummen shot and

killed two men linked to the Irish

National Liberation Army. The

group claimed responsibility for

Once the most wanted terrorist

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ing at the House of Commons.

around Dundalk, which is near the

border with Northern Ireland.

bathtub, the police said.

science," a former navigator, Serafim Yevsynkov, was recently released from a psychiatric hospital where he had been confined for protesting the refusal of Soviet anthorities to let his family emigrate.

In Vienna, the Soviet justice minister, Boris V. Kravtsov, said Friday in a press conference that the Kremlin planned "radical measures" to alter two criminal statutes that have frequently been used

According to a Reuters report from Vienna, Mr. Kravtsov said the statutes, dealing with "anti-So-viet propaganda" and "slandering the Soviet state," were being reviewed in accordance with a decision by the plenary meeting of the Soviet Communist Party Central

Radical measures will be taken Mr. Khodorovich's wife, Ta- in this particular area," he said. He was apparently referring to a party resolution issued Wednesday that called for new laws aimed at "safeguarding the rights and free-doms of citizens."



VIOLENCE IN PAKISTAN — A policeman pursues rioters in the Orangi district of Karachi, Pakistan, where police said Sunday at least eight persons had died and demanded the release of Afaq Shahid, a Bihari leader.

Student's Slaying Puts Chun on Defensive

By Clyde Haberman

New York Times Service SEOUL — In life, 2! years of it, Park Jong Chul barely had time to make his mark. Death made him a

Mr. Park, a student at Seoul National University, died two weeks ago while being questioned by po-licemen about the whereabouts of a campus radical leader.

He died of shock, authorities initially said. Then, as questions arose in the press and as an attending physician reported contradictor findings, authorities acknowledged that the young man had been tor-

The policemen had shoved his head several times into a tub of water. In one of those dunkings, the government said, Mr. Park's throat was crushed against the rim of the tub. He was suffocated.

Torture cases in South Korea are not new. For decades, international human-rights organizations have accused successive regimes, including the government of President Chun Doo Hwan, of abuses.

However, to have the suspicion confirmed through a well-publicized death is rare, and the killing galvanizing the splintered opposition and putting Mr. Chun on the

mit, for the first time in a political case, that its policemen had be-haved brutally. Although officials insisted that it was an isolated episode, Mr. Chun recognized that he

was in trouble and had to act. The two policemen involved were charged with murder, a move that contrasted with the response last year when an officer was ac-cused by dissidents of raping and otherwise "sexually torturing" a young woman arrested for antigovernment activities. That policeman was dismissed but never

dent mounted, Mr. Chun went further. He expressed personal regret, dismissed the home minister and the national police chief and ordered the creation of a special commission to protect the rights of

His new home minister, Chang Ho Yong, announced that police would be prohibited from taking people into custody without obtaining warrants, an acknowledg-ment that officers had ignored legal procedures in the past. Government officials talk hope-

fully about how those moves have defused the crisis.

less of a lively political issue." Others are not so sure, and considerable skepticism about govern-

ment sincerity remains. One consequence of Mr. Park's killing is that the country's fettered press has found new boldness.

Although there have always been editors who tried to test the limits of government tolerance, a few have stretched the boundaries further than ever lately, printing de-tails not only of this incident but of other suspicious cases as well.

The newspaper Joong-ang Ilbo reported at length this week about two students and a labor organizer who died over the last 15 months under what opposition politicisms have called mysterious circum-

All three had been missing for a while, the newspaper reported. Lat-er, their bodies were discovered bearing signs of physical abuse. In all three instances, the police said that the victims had committed sui-

The opposition and humanrights groups say the government is holding more than 1,500 political prisoners, a figure that has risen "We have to make use of this dramatically since the beginning of opportunity to expand human a new drive against radicals last rights," said Lee Jong Ryool, a fall.

presidential spokesman. But he added, "It's now becoming less and New Korea Democratic Party's inman rights committee, has charged that 238 people were illegally detained without warrants between October and mid-January, and that all were tortured.

Independent confirmation specific accusations is difficult. However, South Korea's Roman Catholic leader, Cardinal Stephen Kim Sou Hwan, has voiced support for the broader charge that the government practices torture. Speaking Monday at a memorial service for Mr. Park, the cardinal said that the torture episode was "not inci-

"This case," he said, "raises fundamental questions about whether this regime is based on human conscience and morality, or guns."

For anti-government politicians, the torture issue offered a rallying point at a time when they were seriously divided over how to press nges in the way South Korea chooses its national leader. That is the core political dispute

here, but months of jockeying by the New Korea Democrats and the governing Democratic Justice Party had produced no real progress. Mr. Chun's camp insists on an indirect cabinet system headed by a prime minister, while the opposite manager of the composition tion demands direct presi

Pakistanis Hold Talks

New York Timus Service NEW DELHI - India and Pakistan continued high-level talks Sunday aimed at easing mutual tensions, but neither side appeared willing to halt large troop move-ments along the border that have spread alarm in both countries in

cordial atmosphere, and promoted a better mutual understanding." But he declined to comment on the substance of the discussions.

At issue are military maneuvers along a 250-mile (404-kilometer) section of the Pakistan border with northwest India. Recent buildups are reported to involve about 150,000 men on the Indian side and at least half that number on the Pakistani side.

Taking part in the talks Saturday were delegations led by Abdus Sattar, the Pakistani foreign secretary, and Alfred S. Gonsalves, officiating foreign secretary for India. The ions are scheduled to con-

tinue through Monday.
Indian and Pakistani officials say that neither country can afford a war, and that none of the disputes is sufficient cause for war.

Independent military analysis ed States says the radar violates the say India's forces are superior to ABM treaty and has asked the So-Pakistan's in numbers and weaponry, and most analysts say that India vould probably win a war. Many Pakistani analysts agree, and cite this as a reason Islamabad would not want to provoke a conflict.

Gandhi's Driving

The Amociated Press NEW DELHI - Prime Minister Rajiv Gandhi, a former commercial pilot, drove his Mercedes so fast through central New Delhi that his escort car was involved in an accident and the driver was injured, Sun-

Sunday Mail said the accident

accidents because of the 42year-old prime minister's drivmg "Gandin's speeding and in-sistence on driving his own vehicle is a constant nightmare to his security staff," The Mail

In New Delhi

the last two weeks. An Indian spokesman said Sat-urday evening that the first talks, lasting four and a half hours, were "beld in a frank, businessiike and

In some cases, the troops are said to be within sight of each other, raising fears that an accidental shot could lead to fighting despite pledges by each side not to start a conflict.

India and Pakistan have fought three wars since their independence in 1947 and continue to trade energy harges on a variety of issues.

Causes Accident

day newspapers reported. The Sunday Observer and

occurred Friday when Mr. Gandhi was late for a public carmin was not for a phone ceremony. The reports said he was driving 72 miles per hour (120 kilometers per hour) and then suddenly slowed, forcing one of his ercort cars to run into a curb in order to avoid hitting the prime minister. The driver was bruised and the escort car

badly damaged, they said.

The Observer said it was the fifth time that Mr. Gandhi's secarrity cars had been involved in

space weapons and space tests are banned by the ABM treaty. Although Soviet officials have By Michael R. Gordon New York Times Service WASHINGTON - American proposed a strict interpretation of the treaty, the Reagan administra-

in Geneva to set up a special workng group to discuss what research, lministration officials say.

not take part in such a group.

returned from Geneva.

the Soviet Academy of Sciences, met with Paul H. Nitze, an adviser land in October 1985 to face on arms control issues to Secretary charges stemming from a gun bat- of State George P. Shultz. Soviet charges stemming from a gun butof State George P. Shultz. Soviet
the with the police who captured and American officials said they
him in County Clare on March 17, had discussed the question of sethim in County Clare on March 17.



suspect in Britain and Ireland, in 1985 he became the first such suspect to be extradited from Ireland to Northern Ireland for trial.

convicted in March of shooting at with the killing of a 63-year-old police and having a gun with intent to endanger life. He is serving a 10-reversed on appeal. woman in 1977. The conviction was



Mary McGlinchey

He was sentenced in Belfast to

imprisonment in connection

U.S., Soviet to Discuss Treaty Limits On Developing Defensive Systems radar and electronic equipment from within the radar building. But and Soviet negotiators have agreed other officials said the intelli

The move by the negotiators has been vigorously opposed by the Defense Department, which has ar-gued that the United States should

Richard N. Perle, an assistant secretary of defense, assailed the administration officials say the move to set up the working group in a meeting Thursday, officials said. The session was attended by Max M. Kampelman, the chief American arms negotiator, who has

In a related development, Yevgeni P. Velikhov, a vice president of ting up discussions on what kind of signs that the Soviets might be re- ing out on the issues.

tion has said it has the right to development and testing are al-lowed for defensive systems by the would allow extensive testing of 1972 anti-ballistic missile treaty, new types of space-based systems such as the Strategic Defense Ini-Some administration officials say they believe that the differences

between the two sides on this question will ultimately have to bridged if an arms agreement in Geneva is to be reached. But other United States should not compromise on the issue.

The dispute over procedures in the Geneva talks takes place amid important developments concerning the ABM treaty and defensive systems. Government experts are assessing intelligence reports, for example, that the Soviet Union may be dismantling part of its dis-

puted early warning radar at Kras-noyarsk in central Siberia.

Air Force intelligence officers

on this was not yet clear. The Unitviet Union to dismantle it. ■ NATO Leaders Criticized Mr. Perle sharply criticized European leaders on Sunday as

mealy-mouthed" in express their opinions on world security issues, The Washington Post re-ported from Munich. His remarks, aimed at leaders of

the North Atlantic Treaty Organization, provoked angry rebukes from representatives attending a defense conference here. Michael Alexander, Britain's

representative to NATO, said, "There is no point in being gratu-itously offensive with each other." Mr. Perle, in a speech before

more than 150 officials attending the meeting, said NATO leaders usually resorted to "misty blandishment" when it came to speak-

posed to mix the powder with safe feeds said they knew nothing of

West Germany paid hundreds of

ter to compensate for losses in-

The Irish National Liberation Bonn May Buy, Destroy Radioactive Milk

By John Tagliabue
New York Times Service

BONN - West Germany's minister for the environment. Walter Wallmann, has suggested that the Bonn government is considering disposing of 3,000 tons of radioactive powdered milk as contaminated waste and compensating its

The milk, which is under police A few days afterward, unconfirmed reports quoting sources close to the group's leadership indicated that the organization had been divided by serious feuding. Mr. McGlinchey was quoted by a Dublin newspaper in 1983 as say-ing he had killed 30 persons since 1972 and taken part in about 200 In an interview with the Ham- animal or human consumption. burg newspaper Bild am Sonntag. Mr. Wallmann said Saturday that bombings and shootings in North-

Chernobyl nuclear accident.

querels per kilogram when tested, rountent-minded Social Demo- the surrealist and Trotskyist move-European Community rules per- crats, while Bavaria is the strong- ments.

mit a maximum radiation level of hold of the Christian Social Union, He directed his first film in 1941 370 becquerels per kilogram in the most conservative wing of the and made light comedies during the milk and dairy products for haman

where the milk came from, refused to Angola. to take it back.

owned by a company named Lopex Export. The owner of the milk in Cologne has not been identified. Tests of the powder in Cologne showed radiation levels of about gnard in rail yards in the northern 2,400 becquerels, the police said. The milk began its trip in cities of Bremen and Cologne, has the milk began its trip in a become an embarrassment for the freight yard in the Bavarian town Bonn government after evidence of Rosenheim, where it was stored emerged suggesting that it was to six months ago after Bavarian be exported to Angola and Egypt, health officials deemed it unfit for

Bremen and Cologne have demanded that the milk be taken Bonn sought "a reasonable solu- back to Bavaria. But Bavaria has tion" in disposing of the milk. The refused, arguing that it could be milk is from cows that ate grass mixed with animal feeds and safely contaminated by fallout from the sold for consumption by livestock not announced. Some of the squabble is ex-According to Bremen health offi-cials, samples of the milk had radi-North Rhine-Westphalin, where and to Jean Renoir. As a young ation levels of nearly 6,000 bec- Cologne lies, are governed by eavi- man in the 1930s, he was linked to Organist and Composer

Christian Democratic Party. milk and dairy products for haman Christian Democratic Party. war. But his major works were acconsumption. The becovered is a According to a Bremen police cial criticism and came after the standard measure of radioactivity. spokesman, about 2,000 tons of the liberation of France. Some started

week after Bremen and Cologne an additional 1,000 tons, now in was to be shipped unchanged refused to release the milk for ex-port, and officials in Bavaria, river barge to Rotterdam and then company in Bremen that was sup-

The Bavarian authorities report-The powdered milk in Bremen is early approved the sale of the milk such plans, owned by a company named Lopes powder in December after they recrived assurances that it would be thousands of dollars to German cut with other animal feeds to ac- farmers after the Chernobyl disasceptable radiation levels. But the police in Bremen said curred when they were forced to there was strong evidence the milk destroy contaminated crops.

> The Associated Press
>
> PARIS — Yves Allègret, 79, a Montand. She died last year.
>
> Illim director and a leading figure in French films, died Saturday, his ed films were "Dedde d'Anvers".
>
> Ms. Signoret later married. Yves organist and director of smusic at the American Church in Paris.
>
> When the pastors of the church left before the German occupation. family said. The cause of death was "Une Si Jolie Petite Plage" with not announced.
>
> Mr. Allégret learned to direct as Partie," and "Les Orgueilleux."

war. But his major works were so-

Yves Allégret, Film Director, Dies

Edward Pendleton, 86. PARIS (IHT) - Edmund Pendicton, 86, an American organist, composer and conductor who had

standard measure of radioactivity. spokesman, about 2,000 tons of the liberation of France. Some started A student of Marcel Dupré, A squabble developed among powder, now in Bremen, were desseveral West German states last timed for purchasers in Egypt, and in 1946. The couple divorced, and Mr. Pendleton was for 41 years

When the pastors of the church left before the German occupation of Paris in World War II, Mr. Pen-

dicton kept the church open as lay

reader until he was forced to flee in December 1941 to the south of He was honored with many prizes for his choral compositions, most of them on religious themes, He was also director of the Choeur lived in Paris since 1925, died Fri-

Philharmonique de Paris for 25 day at his home here after a long years, professor of music at the American College in Paris for 15 years and, for 20 years, music critic of the Paris edition of the New

WORLD BRIEFS

Blast Kills 4 Near Embassy in Kabul

ISLAMABAD, Pakistan (AP) — A car bomb exploded Sonday near the Indian Embassy in Kabul, Afghanistan, killing four people and wounding others, Radio Kabul said.

The broadcast did not say how many had been injured, but the United News of India news agency, in an unattributed report, said that 15 members of the Indian diplomatic staff and two Indian Airlines employ-

ces were injured.

The Afghan leader, Major General Najibullah, visited the embassy and blamed the bombing on Moslem guerrillas. There was no immediate claim of responsibility, and Moslem guerrilla leaders based in Pakistan said they had no information on the bombing.

Some Spanish Students Halt Boycott

MADRID (Reuters) — A Spanish student organization has called off a

MADRID (Renters) — A Spanish student organization has caused dif a boycott by high school pupils but said there would be more demonstrations this week against government education policy.

Leaders of Student Coordinator, one of two groups at the forefront of two months of unrest that has shaken the Socialist government, said Saturday they had decided to end the boycott because other methods would be more effective, though individual schools could continue

stoppages if they wished.

The group said financial measures offered by Education Minister José Maria Maravall in talks Wednesday were inadequate, and that they would continue to press their demand for unrestricted access to university. ics, which Mr. Maravall rejects.

Leaflets Attack Romanian Leader

BUCHAREST (Reuters) - Claudestine leaflets were distributed in the BUCHAREST (Reuters) — Clandestine leaflets were distributed in the Romanian capital recently urging the removal of President Nicolae Ceausescu and calling for strikes, diplomatic sources said.

Diplomats from Western countries and some of Romania's Soviet blallies said Saturday they had seen copies of two different Jecirculated before Mr. Ceausescu's 68th birthday Jan. 26.

The leaflets urged people to strike Jan. 23, but there were that they had any effect, Mr. Ceausescu has ruled Romania is and is one of the world's last Stalinist-style leaders.

Barbie May Need Prostate Sur

LYON (UPI) — Klaus Barbie, the former Gestspo chief who was deported to France from Bolivia in 1983, may have to undergo surgery to correct unnary-tract problems that caused him to be hospitalized last week, his lawyer said Sunday.
Jacques Vergès said after meeting with Mr. Barbie that if the condition requires surgery it should not delay the opening of Mr. Bar-bie's trial for crimes committed while he was the Lyon Gestano chief from 1942 to 1944. The trial of Mr. Barbie, 73, is

tentatively scheduled for May or



Rhine Ship Collision Spills Fertilize

DORMAGEN, West Germany (AP) — Forty-two tons of fi-spilled into the Rhine River on Sunday when a Swiss tanker anchored freighter near here, authorities said. A freighter cre-

missing and presumed drowned.

The Dusseldorf city government, which is responsible to Domagen, a few miles upstream from where the accident of it had sounded the "international Rhine alarm" used it

chamical accidents along the river. The alarm was lifted at 4:30 P.M., but there was no es possible environmental damage to the river. In November, trial accidents, including a fire at a warehouse in Basel, can

Acid Attack at Gaza School Injure

GAZA CITY, Israeli-Occupied Gaza Strip (AP) - Twelve P girls were injured Sunday when masked men entered Shauki Hi In other violence, police said nine persons were wounded, one sily, in a bomb explosion on an Israeli bus on the coastal highway be: Haifa and Tel Aviv. Several reports said factions of the Pale

Liberation Organization claimed responsibility.

In addition, Israeli military sources said an Israeli man shot wounded a 20-year-old Palestinian in the town of Rafah in the Gaza 2 after youths attacked his vehicle with stones.

Sri Lanka Denies Accusation on Death COLOMBO (Reuters) - The Sri Lankan government denied Sunday accusations that security forces killed more than 200 civilians i

an anti-gnerrilla operation last week.

A spokesman for a group called the Crizens' Committee said "it appears now that more than 200 people have been killed" in the attack on Wednesday in the eastern district of Batticalos.

The government said that only four civilians, as well as 23 Tamil guerrillas and 13 security men, were killed when commandos raided rebel hideouts at Kokkadicholai, about six miles (10 kilometers) southwest of Batticalca. A spokesman called the accusations part of a "disinformation

For the Record

Brazers 559 member constituent assembly, charged with drawing up a constitution to replace that written during the 21-year military dictatorship that ended in March 1985, met for the first time Sunday in

The Long Island Rull Road, the largest U.S. commuter line, was back in operation Saturday for the first time since a strike began Jan. 18. The libe went back into service because of a 60-day cooling off period ordered by

More than 100 people were arrested in a weekend raid on a West Berlin bar where a group of West Germans had gathered, allegedly to form in illegal Nazi-style political party, officials said Sunday. Several policemen and a government lawyer were injured in the raid. (UP.I)

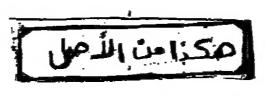
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Senators, Witness Clash on U.S. Drug Plan

By Bernard Weinraub New York Times Service

WASHINGTON - In an unusual display of frustration and abandonment of decorum, two senators shouted down a Reagan administration spokesman at a hearing and attacked proposed cuts in anti-narcotics programs.

Because President Ronald Reagan and his wife, Nancy, have termed efforts to light narcotics a major priority, the administration's proposed budget cuts involving en-forcement and education have come under special criticism within Congress.

However, the hearing Thursday of the Senate Appropriations Committee's Subcommittee on Labor, Health and Human Services and Education was marked by the most vocal attacks yet.

Senator Alfonse M. D'Amato, Republican of New York, told the ters, "For God's sake, get in the

Senator Lawton Chiles, Democrat of Florida, who is normally be spent?" asked Senator Chiles, special assistant to Secretary of the chairman of the appropriations panel that deals with narcotics prepressed his own anger, asking:

tration's proposal to cut the funds vention and education. "You don't for narcotics education in 1988, by care. You don't give a rip. You administration witness, John Wal- one-half, to \$100 million. Congress don't think we count. Have you

"Is that all the hell that needs to

appropriated \$200 million for the ever read the Constitution? You cffort in the 1987 fiscal year, don't think Congress exists."

You've got a

national epidemic

that is killing our

youngsters, and I

slightest idea that

it is taking place.'

- Alfonse M. D'Amato,

senator from New York

don't think that

you have the

don't think Congress exists."

A moment later, Mr. Walters, a

"Why not spend \$400 million? Why not \$600 million?" Senator D'Amato responded,

"Don't tempt us."

He went on: "You've got a national epidemic that is killing our youngsters, and I don't think that you have the slightest idea that it is taking place. You know what this does? It sends the wrong message. It sends the message that we're not dealing seriously with this, that we're not acknowledging the prob-lem. We ought to be ashamed of

The administration has proposed \$913 million in cuts in the 1988 budget for all law enforcement, prevention, education and treatment programs involving drugs. The administration's antidrug efforts over a period of several years originally called for more than \$3 billion.

Administration officials have defended the cut in funds for education, saying that the \$200 million for 1987 was used for "start-up activities" such as the purchase of materials. They said these would not have to be provided in later

AMERICAN TOPICS

Regional Orchestras Playing the Blues More U.S. symphony orches-tras are in trouble than at any

time since the Depression of the 1930s, afflicted with strikes and lockouts, struggling to raise money and in some cases canceling seasons and even, in the case of the Oakland Symphony in California, going bankrupt. The smaller regional orchestras are chiefly affected.

The New York Times said orchestra officials and union negotiators cite a tough new climate in labor negotiations generally, greater difficulty in fund-raising caused in part by government and foundation cutbacks, and overly rapid growth in middle-level orchestras. The 16 U.S. regional orchestras in 1975 had grown to 39 a decade later.

The rash of corporate take overs has hurt. Catherine French, chief executive of the American Symphony Orchestra League, says, "If one corporation takes over another, their two charitable giving components become one charitable giving component, and one plus one does not equal two."

Some experts worry that the declining level of arts education will erode interest in symphonic music. Others are concerned that an increased sophistication born of recordings has led to demands for a level of performance that small communities cannot afford.



Paul G. Kirk Jr., chairman of the Democratic National Commit-tee, moved a February meeting of the party finance council from Tucson, Arizona, to Newport Beach, California, to protest the cancellation of Arizona's observance of the Martin Luther King holiday on Jan. 19 by Governor Evan Mecham, a Republican. The Democratic party is taking a stand against injustice," Mr. Kirk said. But Arizona Demo-

A mural will be painted soon in the U.S. Capitol building to honor the seven astronauts of the space shuttle Challenger who were killed when the shuttle exploded a year ago. The mural was jointly proposed by Senators Robert C. Byrd of West Virginia, leader of

the Democratic majority, and Bob Dole of Kansas, leader of the

switch an "overreaction." Sam

Goddard, state Democratic

chairman, said that in opposing

the governor's stand, "we need

support from the national party;

lead it is interfering."

Exactly helf the offenders were known to their victims in 20 milcrats were not pleased. Represen-tative Morris K. Udall called the lion cases of rape, robbery and

Republican minority.

assault recorded from 1982 through 1984, the U.S. Justice Department says: 46 percent of the crimes were committed by total strangers, 31 percent by friends and acquaintances, 8 percent by relatives and 11 percent by persons known to the victims on sight. The remaining 4 percent could not be classified.

The American Civil Liberties Union is running a petition cam-paign for the removal of Attorney General Edwin Meese 3d from office, accusing him of "attacks on freedom of speech" and "failure to enforce the civil rights laws." Ari Korpivaara, the chief ACLU spokesman, told The New York Times that the response has

been enthusiastic; About four

percent of the people contacted by mail had signed, or signifi-cantly more than the less than one percent who respond to simi-

Shorter Takes: "The intelligence process is often like a jig-saw puzzie," observes William E. Colby, former director of the Central Intelligence Agency. That is, the picture becomes clear long before the last piece is in." • From the police log of the Winchester Star in Massachusetts, as reported in Road & Track magazine: "A Cross Street resident reported her own car as a suspicious vehicle parked in the

-ARTHUR HIGBEE

U.S. Agencies Push Contra Inquiries As Reagan Urges New Aid for Rebels Presses Plan

By Philip Shenon
New York Times Service
WASHINGTON — Several federal agencies are pressing on with at least seven criminal investigations of the Nicaraguan rebels and their American backers, even as President Ronald Reagan is urging Congress to provide new aid for the

. A review of the investigations has uncovered several previously undisclosed --- and so far unproved - charges involving the contras as well as investigations that had not been previously known.

For example, congressional sources disclosed in recent days that the Federal Bureau of Investiention had opened a criminal invesigation to determine what hanpened to most of the \$27 million for nonictial supplies for the rebels that Congress approved in 1985. A General Accounting Office report published earlier said most of it could not be traced.

Investigators also disclosed in the past several days that the GAO had began a separate inquiry into the whereabouts of millions of dolless that apparently were supposed to be funncied to the contras from the sale of U.S. weapons to Iran. neied to the contras from Other open investigations, most of them previously known, focus

in drugs, laundered money or vio-lated the Neutrality Act, which Some of the investigation

In addition to these inquiries, a special prosecutor and two congressional committees examining the Iran-contra affair are investigating charges of illegality tied, to

The investigations pose a dilemma for the Reagan administration. As it pushes for additional support for the contras, the administration also is compelled by statute to investigate reports that the rebels might have broken the law. The administration is asking Congress for \$105 million in aid for the rebels for the 1988 fiscal year, which begins in October.

Investigators say Mr. Reagan's outspoken public support for the contras has made it difficult for prosecutors and other federal agents to carry on their work. Law enforcement officials have repeatedly denied accusations that, because of administration pressure, their inquiries were unnecessarily arms to the rebels also smuggled slow or incomplete.

The investigations are being conducted by a variety of agencies, including the Justice Department,

Some of the investigations may bars Americans from involvement be turned over to the special prose-in military efforts against countries cutor in the Iran-contra case, Lawnot at war with the United States. rence E. Walsh. In announcing his appointment as independent connsel, a three-judge panel asked Mr. Walsh to investigate the sale of weapons to Iran and reports by the White House that millions of dollars from the sales had been diverted to the contras.

These are the federal investigations known to involve the contras or their supporters:

 An investigation by the U.S. attorney in Miami of charges that weapons were smuggled to the contras from a Florida airport in 1985. An investigation by the same office of a Miami-based cargo carrier that has been involved both in the Iran arms sales and the secret

efforts to supply the rebels.

• A criminal investigation of what happened to the \$27 million Congress granted to the rebels in

 A federal investigation of charges that the Americans taking

• An FBI investigation of a burglary at the offices of a group that has opposed the administration's

White House backers smuggled arms, trafficked tion, the Customs Service, and the On Arms Sale in drugs, laundered money or vio-

By David B. Ottaway

Washington Post Service
WASHINGTON — The Reagan administration has notified Congress that it intends to sell \$2.2 billion worth of arms to Saudi Arabia, Egypt and Bahrain this year, according to Defense and State Department officials. The sales are the first in a series

the administration is expected to propose over the coming months for moderate Arab nations shaken by recent disclosures of secret U.S. arms sales to Iran.

Also under consideration, ac cording to pro-Israeli sources, is a proposal to provide Jordan with equipment to convert its fixed Improved Hawk anti-aircraft missiles into mobile units, and the sale to Saudi Arabia of helicopters and electronic countermeasure equipment for its U.S.-built F-15 jets.

These sources said the adminis tration has begun informal consultations with key congressional committees on the potential reaction in Congress to the sales, which pro-larael congressmen have strongly opposed.

A State Department official confirmed that a proposal to sell Saudi Arabia 28 Sikorsky Blackhawk and Bell 406 helicopters was expected shortly and that the department has sounded out some congressional committees on the possible sale of electronic countermeasure oment to that nation.

The formal notifications made Tuesday to Congress stipulate the sale of 40 F-16C and F-16D aircraft to Egypt at a cost of \$1.3 billion and 12 F-16s to Bahrain for \$400 million.

Last week, Congress was notified that the administration also planned to sell 200 Bradley Fight-ing Vehicles, an armored personnel carrier, worth \$500 million to Sandi It is the first time the United

States has sold F-16s to Bahrain or Bradley Fighting Vehicles outside the U.S. military. The price of \$2.5 million per unit that the Sandis will be paying for the Bradley vehicles appears extremely high compared with the \$1.3 million to \$1.8 million

the U.S. Army is normally charged.
The sales to Egypt and Bahrain
come under the Foreign Military Sales Program and require 20 days of informal notification and 30 days of formal notification to Congress, which would have to pass a joint resolution of disapproval to block the sales. The Bradley vehicles for Saudi Arabia, however, are a straight commercial sale requiring formal notification only.



RETURN FIRE - Jim Wright of Texas, speaker of the House of Representatives, prepares to fire back at a journalist who scored a hit with a snowball as he and other congressional leaders left the White House after meeting President Ronald Reagan.

Charles Wolcott Dies; Baha'i Leader and Musician

HAIFA, Israel — Charles Fredrick Wolcott, 80, a leader of the Baha'i religion and a former music arranger, died Wednesday of natu-

Mr. Wolcott was a music arranger for Walt Disney Studios between 1934 and 1944, and had worked with a number of jazz musicians, including Tommy Dorsey and Benny Goodman. He arranged "Rock body of the Baha' i faith.

Around the Clock," one of the first Other deaths: rock 'n' roll hits.

He joined the Baha'is in 1938 defied New York's Democratic maand served on its National American Spiritual Assembly from 1955 and 1961.

In 1961, he was elected one of the nine members of the international assembly and later became secretary-general of the Universal celona, Spain. Many of his works House of Justice, the governing

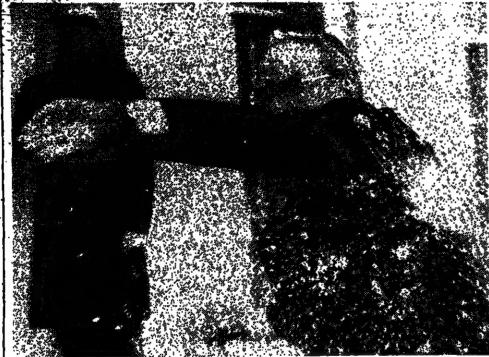
Vincent R. Impellitteri, 86, who

chine of Tammany Hall and was elected mayor as an independent in 1950, of heart failure Thursday in Bridgeport, Connecticut.

Josep Foix, 94, a Catalan poet, Thursday of a heart attack in Barwere translated into Spanish,

Charles DeBenedetti, 44, a professor of history at the University of Toledo and expert on U.S. diplomacy and the American peace movement during the Vietnam War, Tuesday of a brain tumor in

Toledo, Ohio. Raiph Fanikner, 95, who taught swordplay to movie actors, including Errol Flynn and Douglas Fair-banks Jr., Wednesday in Burbank,

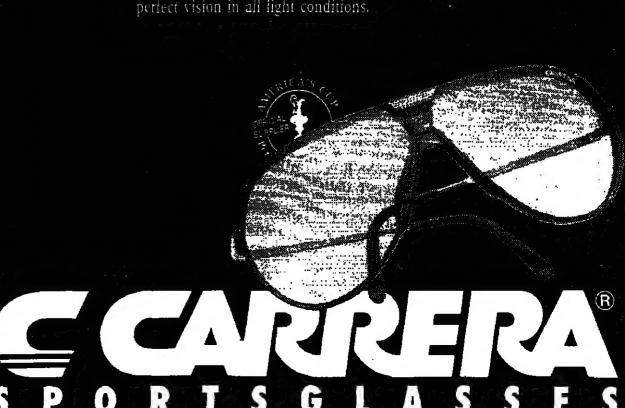


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At the America's Cup.

the world's most prestigious sailing event the participants have only two things in sight -CARRERA sunglasses and victory,

As official supplier to this international open sea regatta, CARRERA with its Sun Protection Systems C 60 for moderate protection; C 80 for strong protect tion; and C 100 for extreme protection; guarantees; perfect vision in all light conditions...



U.S. Court Bars Biography of J.D. Salinger

By Arnold H. Lubasch New York Times Service

NEW YORK — A U.S. appeals court in Manhattan has blocked publication of a biography of J.D. Salinger, saying the book unfairly used the writer's unpublished let-

Reversing a lower court decision, the appeals court ruled in favor of Mr. Salinger, who filed suit to prohibit the biography from using any material from the letters, which he wrote many years ago.
"We're delighted," said R. An-

drew Boose, the attorney for Mr. Salinger. "We've told him of the decision, and he is also delighted." The dispated biography, "J.D. Salinger: A Writing Life" by Ian Hamilton, was to be published late last year by Random House, but it

was held up by the unusual case. A Random House spokesman said after the ruling Thursday, "We are not going to be able to comment until we've had a chance to study the opinion:" The only fur-ther legal appeal for the publishing house is in the Supreme Court of the United States.

In its 24-page decision, the U.S. Court of Appeals for the 2d Circuit said the case focused on "whether the biographer of a renowned au-thor has made 'fair use' of his subroct's unpublished letters."

According to legal scholars, the "fair use" standard is vague and open to wide interpretation. Legal opinion on the appeal court's ruling was varied. Charles

had not seen the opinion. But from the language the court used in announcing the decision, he said, "then the conclusion is inescapable - the judgment had to follow, as the night the day."

But Floyd Abrams, another lawyer, expressed reservations. "It seems to me a deeply troubling lim-itation on the ability of a publisher to print a significant book," he said, "and of the public to learn about one of the most fascinating

and important writers of our time. Mr. Salinger wrote the letters to his friend and editor, Whit Burnett, and to several other people, includ-

ing Ernest Hemingway.

"The biography," the appeals court said, "copies virtually all of the most interesting passages of the letters, including several highly ex-pressive insights about writing and literary criticism." In a footnote, the court's deci-

sion cited a letter in which Mr. Salinger complained about an editor who praised one of his stories while rejecting it. "Like saying," he wrote, "she's a beautiful girl, except for her face."

Another letter criticized Wendell L. Willkie, the 1940 presidential candidate, saying. He looks to me like a guy who makes his wife keep a scrapbook for him."

The decision included another footnote referring to a 1943 letter in which "Salinger, distressed that Oona O'Neill, whom he had dated, had married Charlie Chaplin, expressed his disapproval of the marriage in this satirical invention of Rembar, a constitutional lawyer,

nings. Chaplin squatting grey and for copyright protection and ob-nude, atop his chiffonier, swinging jected to the biography's publica-his thyroid around his head by his tion unless all of the material from bamboo cane, like a dead rat. Oona ing madly from the bathroom."

"I'm facetious," the letter added, but I'm sorry. Sorry for anyone with a profile as young and lovely as Oona's."

could not be published in its pre- facts. sent form.

appeals court noted, "is a highly regarded American novelist and his novel The Catcher in the Rye.' fair use under ordinary circum-He has not published since 1965 stances." and has chosen to shun all publicity and inquiry concerning his private

"The defendant Ian Hamilton is a well respected writer on literary To Speakes on Departure topics," it continued. "He serves as literary critic of The London Sunday Times and has authored a biography of the poet Robert Lowell."

ography despite Mr. Salinger's refusal to cooperate with him, made Medal on Friday in recognition of use of the unpublished Salinger let- his having "faithfully served the ters, which were written between cause of truth." 1939 and 1961. The recipients or Mr. Speakes has resigned to take their representatives donated the a job paying an estimated \$250,000 letters to university libraries, where a year as chief of communications they were discovered by Mr. Ham- for Merrill Lynch Co. He held the

the letters was deleted. The appeals court rejected arguments that withholding the letters

would significantly interfere with "public knowledge of history." "Salinger's letters contain a

number of facts that students of his In reversing a ruling issued on life and writings will no doubt find Nov. 5 in U.S. District Court in of interest," it continued, "and Manharran, the appeals court de- Hamilton is entirely free to fashion clared Thursday that the biography a biography that reports these

"But Salinger has a right to pro-"The plaintiff J.D. Salinger," the tect the expressive content of his impublished writings for the term of his copyright," it added, "and short-story writer, best known for that right prevails over a claim of

Reagan Presents Medal

WASHINGTON - President Ronald Reagan awarded his de-Mr. Hamilton, who wrote the bi-parting chief spokesman, Larry graphy despite Mr. Salinger's re-Speakes, the Presidential Citizens

White House post for almost six When Mr. Salinger, 68, learned years and gave 2,000 daily news



Members of the symphony orchestra in Columbus, Ohio, manning the picket line.

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Herald Tribune.

Reagan's Other Script

stale wind. His written message crackles with energy, spelling out how to rebuild America's competitive pre-eminence.

Three aspects of this program, particularly, deserve study and may well merit support: creating new flexibility in matching jobs and workers, stimulating invention and application and opening American and foreign markets to increase trade and growth. There remains, alas, a fourth, more important aspect, about which the president's written message is as dismally inade-quate as his spoken address. He still offers no plausible attack on the federal budget deficit, just gimmicks like line-item veto

power and a balanced budget amendment. The challenge for Congress is thus considerable. It can, working with the adminis-tration, flesh out the first three parts. It is far less likely that Congress, given such a limp Reagan role, can overcome the deficit.
"Competitiveness" has become the slo-

gan of the season. The truism endures for a good reason: It is true. American concerns arise from vigorous foreign competition; these concerns explain the pressure for import restrictions that supposedly would help U.S. industry get even. Mr. Reagan cited this danger in his economic report Thursday: "Protectionism is anti-growth. It

would make us less competitive, not more." A sound route to competitiveness is to put more Americans to work, and the president offers a sensible concept. The government's approach to unemployment has been piecemeal —one program for workers who lose jobs when business slackens, an-

The president had two scripts for his State of the Union Message on Tuesday night — and delivered the wrong one. The speech he delivered in person billowed with

cation and training for employable skills.

A second part of the program would encourage research and innovation, long "the envy of the world and a critical source of our national strength." But other nations are catching up. The president would dou-ble the budget of the National Science Foundation over five years and create sci-

ence and technology centers.

The ultimate test of competitiveness, Mr. Reagan says, is success or failure in the international marketplace. His unassailable aim is to negotiate lower trade barriers worldwide and a one-on-one "free trade" agreement with Canada. It will not be easy to get Congress to go along, Mr. Reagan is himself to blame for the government's overriding failure to shape a hospitable environment for international trade. He now acknowledges that budget deficits create the imbalance that make America less competitive. Yet he still seems to think that this problem can be solved with spending cuts.

There is no imaginable way to save \$173 billion, this year's deficit, out of the \$500 billion in nonmilitary spending. Which parks does the president propose closing? Which airport towers? Which coast guards-

men should be laid off? Which mailmen? Oratory about striving for excellence counts for nothing without a willingness to make hard choices among guns, butter and borrowing. Competitiveness and the trade deficit turn on the budget deficit. The budget deficit turns on Mr. Reagan's own deficit — of leadership.

— THE NEW YORK TIMES.

Reaching Out to the ANC

The Resean administration has come under heavy fire from the American right for extending its constructive engagement po-licy from the white South African government to the black nationalist resistance organization, the African National Congress. Even among those who accept the administration's new turn, one marked by the re-ception Wednesday of the ANC leader, Oliver Tambo, by Secretary of State George Shultz, there is pause. It arises in part from the terrorism practiced against civilians by some followers of the ANC and, more, by the lack of full-throated ANC condemnation of "necklacing" and like violence. It also arises from the ANC's links with the South African Communist Party — links that remind many Americans of other occasions when a communist minority rode nationalism to power.

The administration, nonetheless, is right to reach out to the ANC finally at its policymaking level. There are several things of value to the United States to be gained by its doing so. Washington makes contact with an organization whose real legitimacy is already established, and not by any exteracquires a channel to convey its concerns to the ANC, no early political breakthrough can the ANC—and there is much that needs to be expected. Still, it is the right way to go. be conveyed, not least American views on

peaceful tactics, democracy and an open economy. The United States also becomes able to address all the major South African players and not to be identified any longer as having all or most of its hopes vested in

the white minority regime.

In Washington, Mr. Tambo had a large cause to promote — freedom — and a special ax to grind. For him it is not enough for Americans to open up to the ANC. He wants Washington to close down to the rival black South African resistance movement led by the Zulu chief Mangosuthu Buthelezi. The chief's reputation as a moderate favoring multiracial democracy got a major boost recently from a plan he fostered for power-sharing in Natal Province; Mr. Tambo finds flaws in the plan's ethnic aspect. The Tambo-Buthelezi rivalry is a bitter one. But the American interest is to see blacks cooperate with blacks, as with whites, in moving toward a negotiated set-tlement. It would be a mistake for Washing-

ton to play politics between blacks. The Reagan administration arrived at its new stage with the ANC only after six years had passed and its emphasis on winning country's own people. The United States had broken down. From dialogue with the

-THE WASHINGTON POST.

Infinity on a Child's Coat

ture's most marvelously varied creations. The snowflake is the product of nothing but water, dust and changing air. Yet from this prosaic mix come structures of intricate design and patterned beauty.

Snowflakes grow in fits and starts as they fall through air of varying warmth and wetness, a life history that has long proved too difficult for physicists to understand. Only recently has nature begun to yield to the computer the mystery of their formation. But it has yielded none of the mystery of their beauty - single-plane six-sided ice crystals is the way scientists label the

lovely star-shaped flake. Soft. surpassingly delicate and sadly mortal, the snowflake can be unyielding and enduring. Its packed masses hampered

Walk out into the snow and, without feeling a crunch under your foot, you will be crushing thousands on thousands of nafor Rome. The mountains of snow piled on the polar ice caps carry the history of the Earth's ancient weather. Though it falls lightly, the snowflake changes everything. Skiers bless it, suburban shovelers damn it

and most people just like to look at it.

No one has ever found two snowflakes exactly alike. Since they have been falling for eous, and cover perhaps half the Earth's land surface every year, some mathemati-cians insist that there must be duplicates, though the odds of finding any are daunting. Despite this faith in the finiteness of form, the snowlake's permutations seem endless. Some people may search for infinity out beyond the quasars at the imagined edge of the universe. Others may find it while brushing the snow from a child's coat. - THE NEW YORK TIMES.

Other Comment

On Trade, a Welcome Truce

Representatives of the European Community have endorsed a draft agreement designed to avoid, for the moment at least, the threat of a debilitating trade war be-tween America and Europe, sparked by the accession of Spain and Portugal to the EC. The agreement, arrived at after a frantic series of negotiations, has been greeted with great relief. Although far from ideal, [it] is a necessary short-term expedient. But the new agreement has merely dealt with the symptoms of agricultural trade friction in the Atlantic community.

Neither the United States nor the EC has marshaled the political will to make any serious attempt to grapple with its fundamental causes. Both need to reduce their burgeoning agricultural surpluses rather than inventing strategies to dispose of them in a shrinking global market for agricultural produce. It is now incumbent on both

Washington and Brussels to begin dismembering their vast agricultural subsidy programs, which brought us to the edge of the precipice in the first place.

- The Times (London).

Gorbachev's 'Daving Concept'

The differences between what Deng Xisoping is doing and the policies pursued by [Mikhail] Gorbachev are striking. The Chinese are already dealing with such concepts as stock markets. Major foreign investments are contemplated. Private business. nesses are sprouting. Mr. Gorbachev is still dealing with the daring concept of whether votes in the Communist Party may be cast in secret. The general secretary did float the idea of a nationwide conference of the Soviet party; the last was in 1941. Mr. Deng would be a whale of a keynote speaker.

- The Wall Street Journal (New York).

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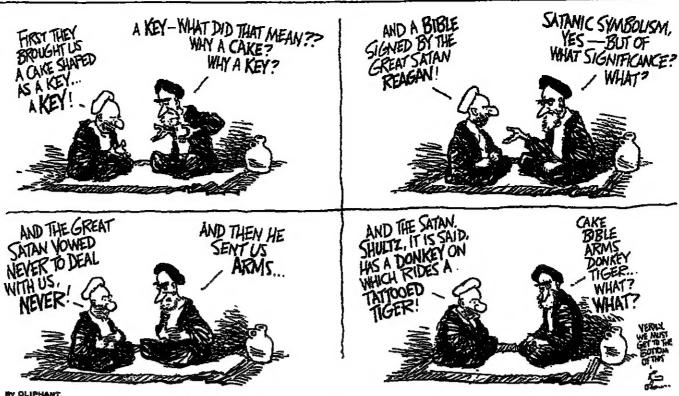
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OPINION



... And you thought you were confused.

Competition Is Gorbachev's Goal — Not Democracy

PARIS — It is deeply misleading to speak of Mikhail Gorbachev's proposals Tuesday to the Communist Party's Central Committee plenum as implying "democratization" of the Soviet system. Democracy is a word drawn from the Greek roots

for "people" and "rule," and what Mr. Gorbachev is proposing has nothing to do with popular rule. He wants meritocracy, not democracy. His proposals would make promotion within the oligarchy that rules the country more competitive, with several states of the sever eral people competing for a promotion rather than one being named arbitrarily from above. He wants men and women of demonstrated quality in leadership posts. To accomplish this by competition and secret votes inside party and state organs will require a radical break with Soviet practice established since the late 1920s. It is, for the U.S.S.R., eminently desirable. But let us understand what we are talking about, which is not democracy.

We talk about democratization because it is

conventional to describe the Soviet-Western difference as that between totalitarianism and democracy; hence, any movement inside the one must be toward the opposite. It is also conventional to ask if communism can change at all without ceasing to be communism. As the Financial Times wrote last week, "There really is no halfway house in freedom of political choice." The London newspaper cited the case of Hungary, where a system of multi-candidate Communist Party elections already exists and has made no real difference

in how Hungary is governed.

But the Soviet Union is not Hungary. Nothing basic has changed in Hungary, because Hungary is not fully sovereign. It is under Soviet military occupation. Hungary would not today have a Communist government if it were sovereign.
The Soviet Union is sovereign. It can do what it By William Pfaff

chooses. The constraints on Mr. Gorbachev are internal ones. They are those imposed by the Communist leadership's own system of belief, the doctrine from which it draws its legitimacy. They are the limits imposed by the nation's own historical nature and capacity for change. It is no accident that political life under communism in Russia has in several important respects resembled political life in czarist Russia.

And communism does change. Soviet commu nism has changed in major ways, as have Chinese communism and West European communism. It is the nature of political systems to change. Our view of communism has been heavily influenced by the idea, developed after World War II, of totalitarianism as a new form of political society, naturally expansionist, and unappeasable. Our idea of totali-tarianism was greatly influenced by Aldous Hux-ley's dystopian novel, "Brave New World," and was given new fictional form in George Orwell's "1984," published in 1949, just as Stalinist terror

was taking Eastern Europe into its grip.
The idea of totalitarianism fit what Nazism had been, and it accurately described what Stalinism then was, but it did not describe what the Soviet Union later became. By the year 1984, the Soviet Union was no quasi-omnipotent despotism, but had, under Brezhnev, gone into a near-terminal state of ideological and bureaucratic senility.

Totalitarianism as we thought of it in the 40s -as a system of totally concentrated power, making total claim on a people's moral existence and material lives - has proven to be a phase, a deadly one, in the evolution of several modern ideological dictatorships, Nazism and Stalinism, and also

Mao's China, and the Khmer Rouge in Cambodia. In each case it has failed to sustain itself. However awful the world has been since the late 1940s, it is less totalitarian now than it was. The Soviet Union under Mr. Gorbachev cannot seriously be compared with what it was under Stalin.

But why do we expect Mr. Gorbachev to try to take his nation toward democracy? It has never been a democratic society. The Soviet elite holds Western democracy a corrupt disguise for class exploitation. Mr. Gorbachev wants realism and reason. He wants greater debate within the party and in public, competitive choice of certain lead-ers, a more open intellectual atmosphere, a restoration of serious standards in public life.

"We are talking about a turning point and measures of a revolutionary character," Mr. Gorbachev says. "We simply do not have any other choice. We must not retreat and do not have anywhere to retreat to." Those are the words of a realist. It has been a long time since realism, moral realism, has marked what Soviet leaders said.

Both the Soviet Union and the Western powers have for the last 45 years lived by national agendas imposed by a sterile ideological rivalry, enforced with apocalyptic weapons. None has been the better for it. This rivalry has blocked the creative solution of all too many problems, East and West. The U.S.S.R. is not the only nation that has suffered corruption of "the national morality."

In the haunting phrase of the modern Greek poet Constantine Cavaly, we have found "a kind of solution" in preparing for the threat that barbarians will come. What, then, if a messenger arrives to say there are no barbarians? What becomes of us then? It is not easy to give an answer.

International Herald Tribune. O Las Angeles Times Syndicate

In South Africa, Hope Lies in Democratic Change

By Paul N. Malherbe

C APE TOWN — Anyone who be-lieves peaceful change in South Africa can come through the Nationalist government simply does not un-derstand just how committed it is to holding on to permanent white bearskap, or overlordship. It is time to recognize that any policy directed at persuasion of the present govern-ment, whether by carrot or stick, will run into the same obstacles encountered in attempts to persuade the Smith government in Rhodesia, which succumbed only after 15 years of isolation and 20,000 deaths in the

bush war — a toll that in South Africa could be 10 times greater.

What is often overlooked is that South Africa is a parliamentary democracy, albeit one in which full citizenship rights are limited to the whites. Properly managed elections are held regularly, and white voters are free to vote for opposition parties to the right or the left of the present government. Governments have been changed by the ruling party's being voted out of office as well as through

realignments in Parliament. The lack of appreciation of oppor-tunities offered through the country's electoral system must be blamed largely on the official opposition in-self: the nonracist Progressive Feder-al Party, or PFP, which only last year began to address itself to wresting power away from the Nationalists.

Yet now the climate is right as never before for a change of govern-ment. A poll in mid-1985 found that 63 percent of the whites do not believe apartheid will last another 10 years. And in a survey published last month in a South African weekly, 42 percent of white voters indicated they favored a nonracial constitutional alternative along the lines advocated by the PFP, while only 27 percent preferred the present government's policy of "power-sharing" within an "ethnically based" constitution.

The Botha government's strength, then, is based largely on voters who

LETTER

The Reagan administration, in its

attempt to trivialize the Iran-contra

affair, first blamed it on Oliver North

and John Poindexter, then on Israel.

After that, an acute case of amnesia

seized the nation's executive. Finally,

there were calls for the president to

apologize and assume responsibility. Will this renew Americans' sense

of elementary morality? Will it re-

store common sense in government affairs? Is public relations the answer

to a serious attack on the constitution

by people who tried to set up a secret.

parallel government not answerable

America's honor, its word, its alli-

ences are being flushed down the

tube of history. Congress must root

out these primitive manipulators.

LEO H. HOFBERG.

Carona, Switzerland.

to Congress or the people?

Clean the Stable

seek is now seeking South Africa. If the government of President Pieter Botha fails to see the will of the people, both black and white, as recently manifested in a power-sharing proposal for Natal Province, it will be replaced, and rightly so. A successor government would most likely be of the far right or the far left. Neither

would bring peace and stability.

Blacks and whites and Asians in Natal, after eight months of often difficult negotiation last year, devised a proposal to increase black self-determination. The agreement proved the different racial groups could arrive at a formula for a political solution. But the proposal was rejected summarily by the South African minister of home affairs, Stoffel Botha, who confirmed in the process the National Party's opposition to power-sharing. His reaction stunned many of those who had labored over the proposal, and called into question

the Botha government's sincerity. The plan advanced by the Natal Province Constitutional Conference provided for a one-man, one-vote system with checks and balances to ensure minorities their rights. Moderates led by the opposition

Progressive Federal Party have long sought change through such political negotiation. The party chairman, Poter Gastow, a representative to the Natal conference, said he feared that rejection of the plan could end all ance of peaceful change.

The Augean stable must be cleaned. Moderate South African political cludes any one-man, one-vote plan.

Power-sharing and the elimination leaders said that while the proposed

represents an opportunity for the PFP. There are three prerequisites for peaceful change in South Africa: We must have black cooperation, we must overcome white fear, and we must have a change of government. As to black cooperation, there is hope in the fact that a poll late last year found that three out of four blacks prefer negotiations to violence and want a multiracial rather than an of these might include the following: all-black government. It should be recalled that the African National Congress tried persuasion in its early

years and resorted to violence only after finding itself exiled and faced with an intransigent government. But how to allay white fear? For whites to accept total removal of race

laws and cast their votes for the party advocating such a program, they must be convinced that the process of change will be handled in a safe and responsible manner. The environment is favorable for winning that trust, for there is great awareness among whites today that the government is standing squarely in the way of improved race relations.

The PFP's starting point would be

think it is on the wrong track. This to develop, in consultation with extraparliamentary groups such as the ANC, an election platform indication what it has in mind as a credible first step. With elections now set for May 6, this cannot be deferred. Intentions and goals must be made widely known among the electorate to ease white feer and gain the understanding and cooperation of blacks. A list

• That local authorities be allowed to repeal any race laws still in force in their areas, and that all political prisoners be freed.

 That unemployment be tackled. by promoting rural development and encouraging black businesses through tax incentives and the phasing out of monopolies.

That a crash program be developed to upgrade black education.

That a representative national convention be called to devise a new

nonracial constitution for the country, and a program to implement it. The last item is crucial; it means in the United States. that while apartheid is being dismantled, the PFP remains fully committed to its principles and goals. The suggested election platform uted this to The Washington Past.

would be far less frightening to whites than the immediate imple-

mentation of universal suffrage.

The PFP recently has concluded an alliance with the New Republic Party, which has five seats in Parliament. At the same time, the National Party is bound to lose a substantial amount of support to the rightist Conservative Party. The Nationalists could lose their majority, paving the way for a coalition that would start dismantling apartheid in all seriousness.

U.S. influence in this election is important. President Pieter Botha is serious when he says that he will not be swayed by sanctions and disinvestment. That being so, Americans might tell the South African voters what their attitude would be if South Africa were to rid itself of a racist government that is largely immune to influence. The two countries could develop some common ground where little now exists, paving the way not only for the restoration of friendly relations but for the joint commit-ment to those ideals so highly valued

The author, a writer and member of the Progressive Federal Party, contrib-

A Negotiated Solution: The Will Is There By Robert H. Phinny

The peaceful change away from apartheid that South Africa claims to Natal constitution was unappealing to the far right, meaning the conser-vative Afrikaners, and unacceptable to the far left (the African National Congress and South African Com-munist Party), it mented consider-

ation by the other three provinces. The Natal plan provided for majority rule under a system based on individual equality, with veto power for whites and Asians over legislation affecting their language, religion or culture. It encompassed a bill of rights guaranteeing civil liberties, and ensured minorities of at least three seats in the proposed 11-member provincial cabinet. Thus, white con-cern about black domination was lessened. This persuaded a majority of delegates, representing an estimated six million blacks and one million

whites in Natal Province, to accept it. It is projected that in the year 2000 there will be 11 blacks in South Africa for every white, about double the current ratio. Clearly, some accommodation must take place. The proposed Natal constitution, expressing intelligence and good will and showing the way to dissolve misconceptions, could yet be a solution.

But Stoffel Boths, the home affairs minister, has made clear what sort of power-sharing the National Party has in mind. The party insists the most it would agree to is equal "group rights" for whites and blacks. Its position is that no group may be allowed to dominate another. This ex-

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of apartheid can only take place when accompanied by decentralization of the government. Without more flexibility from the National Party, this will be impossible. Still, the Natal proposal is a step in

the right direction. It proves that the will and the ability for political negotiation exist in South Africa, even if for now they have been thwarted.

The writer was U.S. ambassador to Swaziland from 1982 to 1984. He contributed this comment to the International Herald Tribune.

IN OUR PAGES, 75 AND 50 YEARS AGO

1912: Strike in Lisbon

was held [on Jan. 30] at the Ministry of War to discuss the situation created by the general strike. It was decided, in order to re-establish order in the streets, that the troops should make raids, arresting people "en mas-se," and should seize all firearms. The ringleaders have been arrested. Bombs have been thrown at the cavalry and the Republican Guards in Rocio square and in the Alcantara suburb. A state of siege will be declared in Lisbon and reinforcements of troops are arriving. Citizens have been warned not to leave their houses after 8 P.M. The streets of Lisbon are practically deserted of vehicles and are guarded by troops. The gas and electricity works are under the protection of a force of soldiers. Rands of strikers who assembled in the Praca do Commercio were dispersed without difficulty by cavalry.

1937: Hitler's Fifth Year LISBON - A Council of Ministers BERLIN - Chancellor Adolf History stag, the German nation and the world that "the era of so-called sufpeace - is now ended. "As a state pointing to the Bolshevik scare, by thesis as one which will bring about a revolution in knowledge and in the conception of history."

No Cheers in the interest of the Third Third The interest of t This Time

By David S. Broder

W ASHINGTON — The morning after President Reagan's State of the Union address, morths inside the White House and in several cabi-net departments was probably at the lowest ebb in six years.
One of the more literary minded

members of the administration do scribed it as "the day the cheering stopped," invoking the title of a cits sie study of Woodrow Wilson's are ond term, when the enterbied president watched the destruction of his great dream, the League of Nations, Another administration official said he felt touches both of "the final days" of Richard Nixon and the last months of the Ford administration the sour aftertaste of scandal com-

bined with "a sense of profound vacnousness and otter impotence."

These gloomy nausings touched even institutionally upbeat parts of the White House. They were orga-sioned by the realization that what ever positive signals the speech Taesday conveyed about the president's health, it really represented a log opportunity for renewing the visor of

an ailing administration Mr. Reagan stepped down from the rostrum of the House chamber to the restrum of the rouse channer to cheers and applause. But the theme-less pudding of the speech he delin-ered left no rallying point for his embattled party on Capitol Hill. Some White House staff members who stayed by their television sets to writch the Democratic response recognized that the opposition party against historical procedent has reached more agreement on its agen-da and priorities than the moderies

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White House has done. A case in point is the "competitive ness" issue, addressed by Mr. Reagan and by the Democratic spokesmen, House Speaker Jim Wright of Teus and Senate Majority Leader Robert

Byrd of West Virginia.

Anyone who watched the president's speech may be forgiven for being unaware that he has a strategy to arm the United States for a defence of American jobs and living stan-dards in an increasingly cutthrest international economy. What was to have been a trumpet call comparable to John F. Kennedy's speech launch ing the U.S. effort to place a man on the moon, turned into a tremolo too tle — largely because no one in this White House appears capable of on

chestrating a major policy initiative.

When the "competitiveness initiative" came out of the cabinet council on economic policy headed by Trans sury Secretary James Baker, these were hopes it could be presented at the framework for a broad-ranging attack on laggard productivity, time management, shoddy standards o education and workmenship, and go disciplined federal fiscal policies at designers saw it as the vehicle to assembling a diverse condition, ever in the Democratic Congress, making

possible a surprise victory.

They saw it as a way for Mr. Regan, far from being a wounded time duck, to finish his presidency on a note of achievement, the architector a bold strategy offering the national vigorous, healthy economic futures

The opening sentence of that are to tion of the Reagan speech carries the echo of that original hope. He sat as the benchmark the belief that the United States should "enter the next century having achieved a level of

excellence unsurpassed in history.

But there were no specifics, and the president descended rapidly to fiches about "an expenditure of American spirit and just plain American grit." Three phrases later be was but

to promoting prayer in the schools. Meantime, the Democrate are moving rapidly to broaden the traffe bill crafted in the House last year into a "competitiveness package," offering sufficient bait to a wide range of interest groups and constituencies to assemble what could be a veto-proof

majority on the House floor.

Mr. Wright, who wants that sictory as a feather in his new speaker's cap, is courting Mr. Byrd in a fashion that surprises many Democrats and alarms some officials in the Whin House. The desire to enlist Senste support for the trade package is one reason Mr. Wright offered to share his television time Tuesday with the Senate majority leader.

Administration officials now its

ure they will have to rally nervous and increasingly restive Republican senators as the last line of desease against what they fear will be a protectionist-flavored Democratic trade bill. That is a far cry from putting Mr. Reagan's stamp on a competitiveness program of his design. But it examplifies the haplessness that is threstering to overwhelm this administration.

The Washington Post.

began his second four years in porter [on Jan. 30] by telling the Nazi Rockprises" — those periodic dramatic steps taken by the Führer which have shaken the structure of European now enjoying equal rights with other states and conscious of her European obligations, Germany," he said, "will cooperate loyally in a solution of the problems affecting us and other 182-tions." He replied to the resent appeal of Foreign Secretary Anthony Eden by a statement in principle of his preparedness to collaborate. criticisms of the League of Nations, by defense of the Nazi blood and race

Student Protest University in Mexico; Spread of Unrest Feared **Tilliam A. Orme Jr. stringent admission and examination standards and higher for the students assailed

strongest student protest movement in almost two decades has that the authorities fear could stir wider unrest.

Moments after midnight Thursday, leaders of the university's stu-dent council draped red-and-black strike banners on school installations, beginning a closure that in size since its last upsurge of stu-some said could last for months.

Condemning the student action, the university's administrator, Mario Ruiz Massieu, said the students could cause "irreversible damage to their school and their

Leaders of the government-affiliated Labor Congress warned that staff, the strike could "detonate" wider The social and economic conflicts and urged a prompt settlement. Scattered independent unions and dozens of student organizations in provincial universities have declared support for the students' defiance of university administrators, who are closely identified with the governing Institutional Revolutionary

The strike comes after weeks of student agitation against more

Satellite Begins U.K. Broadcasts To European TV

LONDON -A British satellite television channel for Europe, Super Channel, went on the air Friday night with a potential audience of six million households in 14 countries.

It will provide a 24-hour English-language service using programs from the British Broadcasting Corp., Indepen-dent Television and the Virgin

Viewers of the pay-TV channel are connected to a cable television network or equipped with a satellite receiver dish. Independent Television said

that 10 hours of pop music were planned each day and most of the rest would be devoted to documentaries, game shows, soap operas and news.

The channel will compet with Britain's Sky Channel, which is owned by the newspaper tycoon Rupert Murdoch.

But the movement has grown shut down the huge National Au-tonomous University in a strike management of a school the students say has become gigantic, im-personal and overloaded with bureaucracy. With 340,000 students, including about 150,000 in university-chartered secondary schools, the university has more than tripled

The university's budget, mean-while, has steadily declined in recent years, a victim of Mexico's economic crisis. A disproportionate share of these shrinking resources, students and many professors contended, goes to the nearly 25,000-member administrative

The campus is dominated by a library, covered with murals, that is a landmark of modern Mexican architecture. The boldly decorated building has become a symbol of the school's deterioration: Unable to support the weight of the books within it, the library is now closed and there is no money for repairs.

Students swap tales of classes without teachers, courses without textbooks, and critical test results irretrievably lost in a labyrinth of university offices.

"A strike is a last resort, but they left us no alternative," said one student. "If the students didn't strike, they would never take us

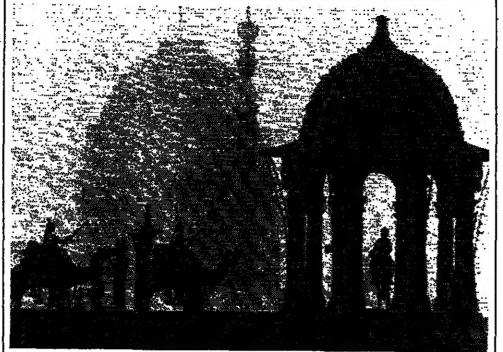
seriously again."

Officials of the governing party were especially anxious to avert the strike because of concern for repercussions on the 1988 presidential race. Several cabinet ministers who are considered potential presiden-tial candidates could be hurt politically by an extended disruption at the university.

Within the university, other students resisted the strike movement, apparently leading administrators to conclude that student council leaders represented only a radical minority.

But on Jan. 21 an estimated 200,000 student protesters filled Mexico City's vast central plaza, a turnout that sturned the authorities. It was by far the largest student rally since the 1968 movement was ended by the killing of several hundred anti-sovernment demon-

Talks between student and administration representatives broke day. The students demanded a new university congress that would gov- ate of Brunei. ern through elected representatives of students, teachers, maintenance workers and administrators.



A RITUAL RETURN — Troops of the Ganga Risala Camel Cavalry silhouetted against the Presidential Palace in New Delhi during the annual beating of retreat.

IRAN: U.S. Officials Deceived Each Other, Report Says

(Continued from Page 1) told Attorney General Edwin Meese 3d that every time he men-tioned moderates in Iran to the

president, Mr. Reagan returned to the issue of releasing the hostages.
"With the president, said North, it always came back to hostages, the report says. "According to Meese, North said it was a terrible

mistake to say that the president wanted a strategic relationship, be-cause the president wanted the hos-The report includes these exam-

ples, among others, indicating that administration officials deceived each other and members of Con-

Robert C. McFarlane, Mr. Reagan's former national security adviser, testified that he had specifically asked William J. Casey, the director of the Central Intelligence Agency, whether Israel was secretly shipping arms to Iran in 1985. Mr. Casey, according to the testimony, told Mr. McFarlane that the Israelis were not shipping arms, even though the CIA had evidence of the

• Ellion Abrams, assistant secretary of state for inter-American affairs, told the intelligence committee in November that money had not been solicited from foreign countries to aid the contras, as the Nicaraguan rebels are called. Later, according to the report, Mr. Abrams apologized to the commit-tee for withholding the fact that down in their 10th session Wednes- such solicitations were made, inchiding one he made to the sultan-

> · Mr. Casey did not tell the committee in November that funds said Friday that the president was from the sale of arms to liven had "pleased with the Senate panel's re-

be able to resist bringing foreign

interference into the campaign,

The two sides have been unable

The front's statement did not say

had not been formally notified of

the front's intention to end peace

ble to extend the truce, but added:

What's the use of a cease-fire if

blamed the other.

been diverted to aid the contras, port, United Press International realthough at the time he had information indicating that was being

At a news conference, Mr. Boren said the committee had developed "no direct evidence that would state the president knew of the diversion of funds or directed the diversion of funds."

Mr. Boren said one of the main questions to be answered by the new investigative committees that are taking over the work the intelligence committee started was "the role private individuals may have played in the implementation of foreign policy."

The intelligence committee found, for example, that Albert Hakim, an American businessman who was born in Iran, helped open a new channel of comm to Iranian officials, Mr. Hakim also suggested in early 1986, it said, that Regun Is Urged to Resign ians should pay inflated prices for the arms so the profits could be used for the contras.

The committee was not able to determine, however, whether the of controlling access to Mr. Rescontras ever received any money gan, United Press International refrom the arms deals.

Mr. Boren said the committee had been unable to trace clearly how much money was raised from the arms sales or how the money was spent. But the report contained indications that the arms were vastly overpriced and that some of the money was paid to arms dealers

■ Reagan Is Satisfied Mr. Reagan's chief spokesman

"It is a principal of international

ported from Washington. The spokesman, Larry Speakes, said: "The president is pleased that

the first report on the Iran matter is out and that it confirms his position that he neither authorized nor was aware of the alleged transfer of funds to the contras The report, he said, "is consistent with the president's position

that, from its inception, the Iran initiative was an effort to open a dialogue with top officials of a strategically important country."
"In implementing this policy,"
the spokesman continued, "the re-

lease of hostages was an important preliminary step intended to show that the Iranians would no longer support terrorism, and the sale of arms was a gesture of good faith on the part of the United States in pursuing this strategic opening."

Mr. Boren said Friday that Donald T. Regan, the White House chief of staff, should resign because of the way he exercised his powers

Mr. Boren said that evidence obtained by the committee showed that at times Mr. Regan gave lowlevel officials access to the president while "foreclosing" foreign policy experts, including Secretary of State George P. Shultz, from seeing Mr. Reagan

"I would hope that Mr. Regan would understand that in the interests of the country it would be best for him to step down," Mr. Boren

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\$100 Million Program Crippled by Delays, Critics Say They said the obstacles include clinical results and then decides

By Robert Steinbrook

Los Angeles Times Service
LOS ANGELES — The \$100 million federal program to search for AIDS drugs has made little progress in the seven months since it was established, and the lag has set off growing criticism by some ALDS researchers and homosexual activist eroups.

When the program was announced in June, health officials predicted that as many as six experimental drugs would be tested in as many as 1,000 patients within six months. But so far, only 133 natients have been enrolled in two tests of the promising drug azidothymidine, or AZT, at the 19 AIDS Treatment Evaluation units. No other drug trials have begun.

The drugs yet to be tested include ribavirin, which recently has been shown to have early promise against the AIDS virus in infected individuals who have not yet developed severe symptoms, and dideoxycytidine, a drug that has seemed promising in laboratory tests at the National Cancer Insti-

"There is very little going on and what they are doing is peanuts," said Mathilde Krim, the co-chairwoman of the American Foundation for AIDS Research in New York City. She cited a "bureaucratic bottleneck" at the National Institute for Allergy and Infectious Diseases in Bethesda, Maryland, which administers the program.
The whole thing is a mess," she

They are very slow to get started," said Jeffrey Levi, director of the National Gay and Lesbian Task Force in Washington, He said the situation "is inexcusable given the nature of the crisis."

As of Monday, 29,582 Americans had contracted AIDS and 16,847 had died of the disease, which destroys the body's immune

The AIDS treatment evaluation units were established at many of the nation's leading academic medical centers to speed the evaluation of drugs that might prove effective against the virus that causes acquired immune deficiency syndrome. The centers are to receive \$700,000 to \$2 million each in federal funds annually for five years to pay for the studies.

In addition to the 3,000 AIDS patients receiving AZT, about 2,000 are being treated with a varicty of experimental drugs, according to the American Foundation for AIDS Research.

The drug program's coordinator played down the criticisms, but she and investigators at the treatment evaluation units acknowledged that the program has been plagued by

staff shortages and the limited availability of AZT as well as difficulties coordinating the activities of researchers and creating a mas-

U.S. AIDS Drug Effort Assailed

sive organization from scratch. "It is easy to be critical but we have been extremely productive," said Maureen Myers, the official at the National Institute for Allergy and Infectious Diseases who has direct responsibility for the treatment evaluation units. Ms. Myers said she has been so busy keeping the program operating on a day-today basis that she has not had time to hire sufficient staff members to ease the work crunch.

The organizational problems appear to be continuing. Last week, the program's AIDS Clinical Drug Development Committee adjourned its January meeting without discussing four of the eight experimental drugs on the agenda. start of a study for months, in com-This key advisory committee reviews laboratory and preliminary

which drugs merit further tests in patients.

"We have waited three months" since submitting the data "for them to say something," said Dr. Arnold Lippa, president of Praxis Pharmacenticals of Los Angeles, which is developing one of these drugs. AL-721. "We can no longer anticipate any assistance from the federal government and are planning large clinical trials on our own."

Ms. Myers said that centralizing the activities of the original 14 treatment evaluation units and an additional five that were funded in the fall has been a formidable task

After plans for research studies are drafted, for example, they must be discussed and approved by multiple committees, both in Bethesda and at the individual medical centers. This process can delay the

WAITE: Envoy Said to Be Tricked

(Continued from Page 1)

immediate reports of casualties in the West Beirut explosion. In East Beirut, a car rigged with TNT was detonated in the fashionable shopping district of Zalka, sending shards of glass flying among shoppers, witnesses said.

[The attack came shortly after resident Amin Gemayel, a Chrisian, returned to I banon from an Islamic Conference Organization meeting in Kuwait, United Press International reported.

[In Kuwait, Mr. Gemayel had his first meeting with President Halez al-Assad of Syria in more than a year. The two leaders had been at odds because Mr. Gemayel had refused to sign a Syrian-brokered peace pact between Lebanon's war-

[Christian hard-liners have laid the blame for more than a score of car bombs in Christian East Beirus in the last 18 months on Syrian agents. Damascus has denied any involvement in the attacks.]

In West Beirut, witnesses said an explosion ripped through a restau-rant near the Chatila refugee camp. The Palestinian camp has been the scene of four months of fighting between Shirte Moslem gunmer and Palestinian guerrillas.

BA Finds Crack in 747 Wing

LONDON — British Airways said Friday it had grounded a 15-year-old Boeing 747 after a hairline crack was found in a wing spar that

helps hold the wing to the fuselage.

MILLIONS!

The Sunni Moslem radio, Voice of the Homeland, radio said there were no casualties in the restaurant

explosion. Soon after Mr. Jacobsen was released, President Ronald Reagan said in a statement that he had been freed because of U.S. efforts undertaken "through a number of sensitive channels for a very long time."

The president's spokesman, Larry Speakes, denied that the United States had made any concessions to obtain Mr. Jacobsen's freedom. The statement paid trib-ute to Mr. Waite but noted that "various parties and intermediaries" had played a role.

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ENVOY: South African Ambassador to London Quits, May Run in Election

ty, which holds 17 sests, are the

National Party. rall was considering running for ists" who favor moves toward po-Parliament in one of two districts litical accommodation with the now represented by two powerful black majority. old-guard cabinet ministers. They are Chris Heunis, minister of con- Attack on Sanctions stitutional development and planning, and Stoffel Boths, the home ington Post reported from Cape

Such a challenge would be cer-

Last week, a leading reformist ported punitive sanctions. member of the National Party in

a short-lived effort in July to set up

a rebel government in a Manila

400 troops, and the three-day occu-

pation of a television station in Manila by some of them and by

civilians, coincided with an abor-

tive move by Mr. Marcos and his wife, Imeida, to fly back to the Philippines from exile in Hawaii.

General Ramos said that 13 offi-

cers and 359 soldiers were being held for involvement, as well as 137

civilians, most of whom had helped

Mr. Pimentel said that up to 100

other civilians who did not join or

openly support others in occupying the TV station were under investi-

gation by the Justice Ministry for

involvement in the uprising, al-

though none of them had been ar-

rested or charged. As many as 10 of them were well-known political fig-

occupy the TV station.

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The takeover attempt by about

main parties in opposition to the publicity as a sign that President Boths was facing a possible rebel-The Cape Times said Mr. Wor-

tions" with nations that have sup-

Parliament, Wynaud Malan, left tion, nor the United Nations or any the party and said he would run as other international organization, Mr. van der Merwe said.

William Claiborne of The Wash-

hannesburg constituency.

That defection drew widespread

dent meant a severing of diplomatic reaches in relations with the United States tions." or other countries supporting sanc-tions, Mr. Botha's chief spokesman

ferring to the Communist an- many parts of the Philipp

nouncement to withdraw from mainly in the countryside, for 18

In an address to Parliament tain to become a bitter and direct President Boths said Friday that he conflict between supporters of the would reconsider "both the content Botha government and more liberal and direction of our foreign rela-

Mr. Botha said: "No foreign na-

MANILA: Military Declares It Will Purge Rebel Troops

were reported to have gone into

must be united to operate effective-

ly against armed groups threaten-

ing society.
The National Democratic Front,

which has been negotiating with the government on behalf of the banned Communist Party of the

Philippines, released its statement at a protest rally commemorating

the 18 persons killed last week in a

clash between demonstrators and

troops near the presidential palace.

The talks were suspended after the

The front's national council said

Communist guerrillas would con-

tinue to respect the cease-fire with

government forces until it expired

peace talks, said the armed forces years.

am independent in his suburban Jo-hamesburg constituency. has the alightest right whatsoever to meddle in our domestic affairs." Mr. Botha complained that last year "undisguised attempts at inyear "undisguised attempts at in-When asked whether the presiterference in our domestic affairs reached unprecedented propor-

> law and conduct that no self-resaid later that South Africa was specting, sovereign country should mercly reassessing the benefits of normal diplomatic relations with be subscreient to any other," he countries that have applied pres-The president's 30-minute sure on Pretoria to dismantle the speech appeared to be a harbinger system of apartheid. of the upcoming election cam-Stoffel van der Morwe, deputy

> paign, in which the National Party will seek a reaffirmation of the elecminister for information, also acknowledged that foreign interventoral mandate it has held since tion in South Africa's domestic affairs would be a major issue in the Mr. Botha said he had decided incoming election.
>
> "I don't think any party would not to call elections for the separate

mixed-race and Asian houses of Parliament, and he paid scant at tention to reform of the system of apartheid, or strict racial separation, although he reaffirmed his invitation to black nationalists to negotiate a formula of power sharing.

But Mr. Botha made it clear that (Continued from Page 1)

Mr. Pimentel gave no names, but agreement, the front began negotican National Congress, the main ations with the government in Description.

Mr. Marcos's and were involved in several pro-Marcos politicians ations with the government in Description. cember to try to find solutions to a white rule, could only be held if the guerrilla war that had been going guerrilla African National Conhiding during the uprising, guerrilla war that had been going General Ramos, apparently reon with increasing intensity in gress renounced violence.

(Continued from Page 1)

unless the government changed its "Each side tried to gain political negotiating stand, Communist advantage out of this," said André guerrillas would "have no option Sapir, a visiting professor of ecobut to resort to a policy of waging nomics at the Graduate Institute of International Studies in Geneva. "The whole thing got politically de-Teofisto Guingona Jr., the gov-rament's chief negotiator, said he railed."

But, he added, it was not.

scheduled to be held this year by the General Agreement on Tariffs and Trade. France's farm lobby incensed over concessions to U.S farmers, have vowed to force Paris to defend the Common Agricultural Policy at the GATT talks. Attention also is focusing on a

dispute on the Airbus consortium, nies. The United States has accused the consortium of benefiting from port also showed that the United unfair government subsidies in developing two aircraft, which would compete with planes produced by Boeing Co. and McDonneli Douglas Corp. of the United States. EC and U.S. officials also say the

two sides face difficult negotiations over exports of West German machine tools, U.S. access to the EC's recent EC ban on meat hormones.

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After signing the cease-fire there are no substantial talks." ures in the Philippines, he said. TRADE: December Deficit Narrowed but '86 Set Record

could not be expected. "We are getting the improvement in exports we had expected." said David Wyss, chief financial offsetting that has been a 10-percent rise in import prices."

Thus, the dropping value of the U.S. dollar has so far not had the effect that had been hoped for, he pointed out. "Imports are not declining, they're just getting more expensive," he said.

The department also revised November's record trade deficit

cit figures.

The Reagan administration had contended that the November figeconomist for Data Resources Inc., ures were a fluke and that the trade a private forecasting service. "But imbalance is easing under pressures of a weakening dollar. It has predicted a \$30 billion improvement in

the deficit this year. But Mike Evans, president of Evans Economics, a private economics consulting firm, said he doubts that the trade deficit will change at all in 1987 because of an expected

increase in imported oil prices. downward to \$15.44 billion. But as "Even if the rest of the trade ters)

(Continued from Page 1) it does every month, the agency balance improved by \$10 billion, in the chronic trade imbalance cautioned against comparing revised and unrevised monthly defined because of the rise in oil prices." Mr. Evans said. "I think the improvement the administration is which consists of French, British looking for will turn out to be a West German and Spanish compa-

The Commerce Department re-

States ran deficits of \$26.4 billion with the European Community last year, up from \$22.6 billion; \$23.3 billion with Canada, up from \$22.1 billion: \$15.7 billion with Taiwan, up from \$13 billion; and \$10.7 billion with the Organization of Petroleum Exporting Countries, chine tools, U.S. access to the EC's down from \$11.6 billion. (AP, Reu-telecommunications market, and a

to agree on an agenda and each has Trade Conflicts Thus, in the grain dispute U.S.-EC

whether it was prepared to extend Thus, in the grain disput the cease-fire. But it warned that debate became charged.

In better times, he said, the dispute could have been quietly retalks. He said it might still be possi- solved without imperiling other as pects of U.S.-EC trade relations.

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ARTS/LEISURE

James Lally and the Booming Chinese Market

NEW YORK — When the president of the most powerful anction house in the United States steps down to open his own art gallery after devoting 15 years of his professional life to the company, it means that something big is happening in his field.

All the indications are that Chinese art, particularly its early forms from Shang bronzes to Ming porcelain, is on the eve of yet another boom. The career of James J. Lally, who resigned as president of Soth-eby's North America on Dec. 31, 1985, to set up a gallery at 42 East 57th Street simply called J.J. Lally & Co. Oriental Art, neatly coincides with the developments that have led to the present price explosion on the Chinese market.

Little in his university background predestined Lally to become a leading market expert in Chinese art. Neither his undergrad-uate studies in English literature at Lally joined the department and,

Harvard nor the combined degree on Nov. 20, 1973 held the first sale in economics and diplomatic histo-for which he had written up all the ry he took at Columbia pointed to entries. It was a landmark in Amerimerce or art, let alone China, Early exposure to the outstanding the first time, footnotes and crosscollection of Chinese art in the Mu-

SOUREN MELIKIAN

seum of Fine Art in Boston, his hometown, was the initial factor that awoke what was to become a lifetime passion. While in Europe to see more Chinese art, Lally was offered a job at Sotheby's. Hired for his competence in finance and economics, he somehow managed to have a yearlong stint in the Chinese art department in London un-der James Kiddell, of whom he still speaks in reverential tones.

In May 1973, while Chinese art was riding a crest thanks to Japanese buying and the awakening of Hong Kong, there came an opening in New York. Sotheby's expert in

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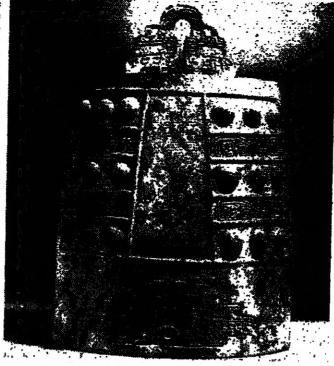
referencing in scholarly style loomed large in contrast to the past, when objects were broadly characterized in terms of medium, size, and period. A white porcelain bowl of otherwise banal appearance was shown to be connected with the Liao kingdom on the basis of an incised mark in a well-docu-

mented discussion that brought in

the discoveries of the Swedish

The other major innovation was Lally's approach to the market. He scouted for objects instead of waiting for them to fall in his lap. While walking about Georgetown, his eye was caught by a jade vase in the window of a shop of antiques of every description. He walked in, inquired about the price, which was \$15,000, and said he could get three times as much in his forthcoming auction. In that Nov. 20 sale, the superb Kangxi covered vase set a world record at five times the dealer's price. By the end of the year, Lally was director of the Chinese art department.

Julian Thompson, director of the Chinese department in London. was then setting up Sotheby's Hong Kong. The November ex-perimental sale had been a thumping success. Lally, who had been to Hong Kong and met the dealers and collectors, sensed a fantastic opportunity. He asked to join. After a trial period, he became a director of Sotheby's Hong Kong in 1974 and, from then until his resignation from Sotheby's, ran the operation with Thompson. The rich Chinese business community was gradually drawn into the auction game and this had a worldwide mpact on the prices for later imperial procelain in the Chinese taste.



Large archaic bronze bell of the Zhou dynasty.

chores and cut off from what he winding up his operation for the cared most about - objects and last five years. Another major dealcollectors. Like other experts, he cr, Alan Hartman, recently closed did not like the new atmosphere - his gallery, Rare Art Inc., on Madi-"I had no wish to be another sort of son Avenue, to operate from home, apparatchik," Lally wryly notes.

Their semi-retreat takes place at the moment when New York is

bought Sotheby's in 1982, a new nese art. The two giants in early era opened for Lally, who soon Chinese objects are now slowly became president of Sotheby's withdrawing from the New York America. Two years later he resigned. He had found himself the great archaic bronzes to be seen bogged down in administrative in American collections, has been

Their semi-retreat takes place at tion house as an expert, which is in emerging as a major trading center being confronted with hundreds of for Chinese art after a prolonged objects and learning daily, no long-eclipse. When Lally first stepped or worked. There comes a time into Sotheby's Chinese departwhen you sift more and more to ment, yearly sales for the season learn less and less. (1972-1973) stood at \$1.7 million. Above all, Lally felt that time In his last full season (1984-1985),
When A. Alfred Taubman was ripe for a new gallery in Chi-they had jumped to \$17.5 million

- an increase of \$5 million from the previous season.

Several factors account for the New York renaissance. It took a generation to erase the consequences of the law banning any imports from Communist China.

A second factor, Lally says, is the impetus given by the special con-sultant for Far Eastern art in the Metropolitan Museum, Professor Wen Fong of Princeton University. In New York, where interest in art often follows trends set by an institution or a personality with a high profile, the impact on collectors

A third factor that Lally, with his reserve bordering on shyness, would not dream of discussing is Lally himself. I have accompan him on visits to collectors, equally reserved and determined to shield their privacy, who, when handling objects in his company, thawed as he does too. He has undoubtedly stimulated some old collectors and nspired new ones. Moreover, he is the man who established a two-way traffic between New York and Hong Kong, attracting collectors and dealers from the Far East to New York and persuading New Yorkers to go to Hong Kong.

The location that Lally chose, the way in which he built up his stock, and the procedures for his opening exhibition all reflect his accident if the premises he chose on 57th Street call to mind the London gallery of Giuseppe Eskenazi at 166 Picadilly. Both are above street level, allowing privacy. In both, the suming and leaves the objects to speak for themselves.



James Lally and Tang dynasty lion.

far and wide, traveling from New York to Hong Kong and Europe, and produced a catalogue that deceptively looks like some of his last catalogues at Sotheby's, down to the dark blue background for a creamy sculpture on the cover. With a difference: the pieces are Lally's own choice, not that of a mixed banch of vendors. They amount to what to any auctioneer would consider a dream sale.

Lally enjoys the rare advantage of combining the object lover's in-stant perception and the scholar's awareness of historical significance. His selection went all the way from neolithic pottery from experience as an anction house man, as well as his personal tastes in art, and even the professionals he most admires. It is probably no of blockbusters (the most beautiful brouze bell of the Zhou period, of the seventh-sixth centuries B.C., I have seen on the market as part of a chime, of which another may be display, discreetly modern, is unasous rarities not worth a great deal because they are so unobtrusive. His admirable bronze incense To launch his gallery, Lally de-cided to hold an exhibition and burner of the early Han period, proceeded much as he used to in with an openwork spiraling dragon the Sotheby days. He cast his net on the lid, has no known parallel.

Laily had sent out 100 cambigues and 400 invitations to the private viewing on Dec. 2, ationisting that the sale would start at 6 P.M. By Dec. 1 at 10 P.M. four people were quening on 57th Street in a store-fall. When Laily arrived at 33 M. on Dec. 2, two more had issued them. By noon, Lally had to mire vise. Buyers would be allowed in according to arrival order intellished by ticket numbers. Each buyer would be limited in five terms only. On the first micht 35 ac. items only. On the first night 25 of the 47 items had been sold. At the end of the exhibition on

n, Au

- Distri**ge**

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Dec. 17, only 10 remained upold, with sales exceeding \$1 million. Buyers included two New York collectors, a Japanese agent dis-patched by a Tokyo syndioses, a London dealer representing a European collector, and five U.S ma-seums. The stone figure of a Bodissattva that retains much of its original polychromy and can be dated to the first half of the seventh century now stands in the Cleveland Musem of Art Lally passed his inaugural exhibition test with flying colors. A new power has arisen in the international arena of Chinese art. And New York has

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> appear on Saturday

A Rap With Singer Eddie Money

Hold Back," still on the charts after by being thrown out of nightclubs. 22 weeks, came after a two-and-a-half year histus. It has sold more a lifestyle based on whistey, drugs than 500,000 copies and he bets it and wild women will soon be a million. The hit

ey a Grammy nomin banal and melodies on the com-mercial edge of tedium. The songs morning I danced in front of the are more short soap operas than mirror threw on my shades and poems. But it's well tooled, there is relaxed a little bit I think it's great nothing to seriously dislike and to be alive I made a great record

The 37-year-old Money, in Paris last week on a European promo. about being in love about growing tional tour, was born Edward Ma. up it's got a lot of redemption in it honey, the son of a New York City and a lot of feeling for the wife very coo. He attended the police acade. successful in the States but breakcop. He attended the police acades successful in the States but breaking for a year, but hated it. "I gEurope is like you know a chick wasn't no Starsky or Hintch." When he dropped out to sing with a rock know if you're going to get the last 'n' roll bank, 'my family discowned drance. I have a lot of confidence in this properly the spread of the other than this properly the spread of the other than the course of the states and the states are the states and the states are a lot of confidence in this properly the spread of the states are the states and the states are the me for a couple of years. It was this record the singing's good the heartbreaking. It also made me a material's good the musicianship's nervous wreck." His brother is a good and I'd like the entire world "super-heavy narcotics cop, which to hear it it would be nice to be an is funny when you think about my international recording artist.

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in 1977. Money's first, self-titled. DARIS - Eddie Money's album sold a million units and he "comeback" album, "Can't began to make the gossip columns

"Twe cleaned up my act." he says, "but I guess at heart I'll altrack, "Take Me Home Tomight" says, "but I guess at heart I'll al-bas earned the grainy-voiced Mon- ways be a street kid." His rat-a-tat y a Grammy nomination.

The album is middle of the road

ock, with lyrics on the chic side of Kid Huntz Hall.

form over content is the secret of I'm happily married and I have the charts. day. This new comeback album it's

"But I got a lot of ground to

Past reputation.

He moved to Berkeley, California, hung out with "big time raditive and-a-half years. Drinking and cals" like Huey Newton, and worked with Bay Area bar bands.

The hard-boiled Fillmore promoter have a lot of chicks and you're Rill Graham, still his manager. Bill Graham, still his manager, smoking pot snorting cocsine par-



Eddie Money

yourself an addict you're working it people I'm working with. I'll take a all off every night but finally I said good look at the end of this year I got a long year ahead of me."

put it on the side now what? After the years go by you start to get more sensitive and serious you wonder how long you're going to be around professionally speaking I had to re-establish priorities I needed to meet the neighbors food my dogs get back into myself. So i wrote songs and tried to make sure my relationship was together with my wife buying new furniture for the house buying a piano eseing friends I hadn't seen in years workout so I don't lose control of the real me. I write very autobiographically speaking there's a lot of sincerity on the record and I think my fans bear it I have a lot of older fans and this album is developing yourger ones it's great to cover two

"I'm not worrying about the money side right now just trying to keep the group together keep my voice together keep my weight down keep my wife happy keep my tying all night getting loaded like a madman but you think you don't lot of money I'm not going to get. really need any of it your weight's ripped off more than they say, down hey-hey your hair's long they're taking now which is a lot you're nuts. You don't consider but over and above that I trust the

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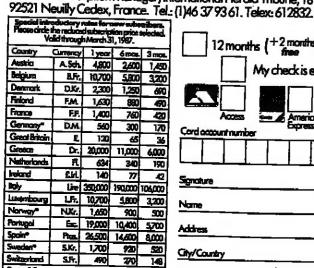


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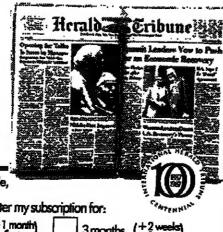
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SATURDAY-SUNDAY, JANUARY 31-FEBRUARY 1, 1987 **

ECONOMIC SCENE

Long-Term Benefits Seen From U.S. Restructurings

By JOHN H. KISSICK Los Angeles Times Service

OS ANGELES — Is the restructuring of corporate America good for the vitality of the United States or not? Unfortunately, public debate over corporate takeovers, leveraged buyouts and restructurings often focuses on the process: hostile raids, poison pills, shark repellents, "junk bonds," white knights, store closings and employee layoffs. Perhaps the most important question, however, is whether this seemingly frenetic activity will help the long-term competitiveness of the U.S. economy, and thus benefit companies, employ-

ness of the U.S. economy, and thus benefit companies, employ-The public should take a good hard look at some of the

criticisms of takeovers and corporate restructurings and "Global competit-

see if they bear scrutiny. Criticism No. I: Takeovers waste investment capital. In fact, takeover money

ive pressures and goes to shareholders and either returns to the savings-inof restructuring." vestment pool or is spent on consumption, which in turn

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stimulates the economy and leads to further investment. Most economists agree with Michael Jensen's study published in the Harvard Business Review stating that: "activities in the market for corporate control almost uniformly increase efficiency and

gluts are the roots

Criticism No. 2: Takeovers result largely from undervalued stock prices, and since institutions holding most of this equity are intensely competitive and oriented to the short term, managements are forced to focus on near-term earnings at the expense of long-term projects and research and development. A Securities and Exchange Commission study shows that the

stock market does not favor short-term earnings. It shows that institutions invest more in companies with the highest research and development expenditures and that most takeover targets have the lowest R&D expenditures within their industries.

RITICISM No. 3: The breakup of companies is bad for the economy. But as President Ronald Reagan's Council of Economic Advisers notes, breaking up a company does not destroy its assets. It simply moves assets to managers who think they can use them more productively and are willing to pay a higher price for them.
Criticism No. 4: Takeovers and restructurings eliminate jobs

and hurt the U.S. economy.

Clearly, restructurings are likely to result in an overall loss of jobs in the short term. But the pressures to cut layers of management, to streamline what the deputy Treasury secretary, Richard Darman, called the "bloated corpocracy" of big business, to increase productivity and to become more competitive with international exports, will be the pressures that ensure jobs in the

As the economist Edward Yardeni, who also has deep misgivings about the impact of restructurings on employment, has stated, "Global competitive pressures and gluts are the roots of

"If the Icahns and Pickenses don't do it," he said, referring to Carl C. Icahn and T. Boone Pickens, two U.S. takeover special-"the Japanese will do it for us by putting our companies out

of business and taking what's left in their markets."

Criticism No. 5: The restructuring of corporate America is resulting in an over-leveraged United States.

In a recent column, Professor Richard Ellsworth expressed

precisely the opposite concern about leverage, which is a company's use of supplementary non-equity capital, such as senior securities or borrowed money, to increase the returns on equity. His question was: "Given the increasing concern over America's competitive decline in world markets, can U.S. compenies afford to have so little leverage?"

The percentage of debt in the capital structure averages 66 See SCENE, Page 11

Currency Rates

Japanese Stocks Hit High

Passes 20,000

incentives for high prices. "It is just a passing point," said Takahiro Mi-kami, executive director of Wako Securities Co.

and a sharp appreciation of the yea, which has prompted compa-nies to speculate in stocks to make

three years ago in January 1984.
Yoshiyuki Wariishi, director of
Nikko Securities Co., said prices
would climb further amid prospects for even lower interest rates. The Bank of Japan, faced with a

short-term loans to commercial banks, by half a percentage point to

Kenichi Tato, stock manager at Nippon Life Insurance Co., said current buying centered only on financial stocks and some large-

tors, including life-insurance com-panies, still have room to buy

Some analysts foresee a halt in activity after the expected dis-count-rate cut and the listing of Nippon Telephone & Telegraph Corp. on the Tokyo Stock Ex-change on Feb. 9.

Public bidding for NTT, the for-mer state-run telecommunications monopoly, has raised the share price to almost 1.2 million year (\$8,000) from a face value of 50,000

institutional investors, mainly trust banks, life insurance companies and investment trusts, have led

and Nagoya last year.

Sets General Price Freeze

labor agreement reached last April says Swedish unions may renegotiate wage contracts if inflation exceeds 3.2 percent. The 1986 rate was 3.26 percent, so unions formally have the right to seek renegotia-

Finance Minister Kjell-Olof Feldt said prices of most commodities would be frozen at their Jan. 28 levels until further notice. There will be exemptions for some fresh produce, rents, tobacco and gaso-

must be broken," said a statement creative work, advertising industry from the Social Democratic gov-

price freeze "would influence the expected to release results that mions so they did not ask for rane- show a second consecutive year of gotiations on the collective agree-reduced profits. Wall Street critics

ict its duration.

The last time the government imcuts early last year, J. Walter

1985, though it was gradually re-pealed over the period for a variety from the New York office. Alof goods and services. As in much of the rest of the

flation performance last year was for any substantial closings of attributed largely to lower energy costs because of the shump in oil prices will be higher in 1987.

by European standards. Six slices of sandwich meat costs the equivalent of about \$1.65, a box of break-fast cereal almost \$3, a can of soup to react, he conceded. "We had a about \$1.50, a loaf of bread about lot of new people in place who \$1.30 and a pack of cigarettes almight not have reacted quickly most \$2.30.



Underdog Role Haunts Dragonair

Chinese Stake in Cathay Stuns Tiny Hong Kong Carrier

By Patrick L. Smith

A Dragonair plane on

Helmut Sohmen

right, the carrier's

the chairman and

biggest shareholder

the ramp in Hong Kong;

managing director, and Sir Yue-Kong Pao,

HONG KONG — For Hong Kong Dragon Airlines, the small passenger carrier that is challenging the supremacy of Cathay Pacific Airways Ltd. here, the lunar calendar's Year of the Tiger

ended on a decidedly mixed note.

On the positive side, the Hong Kong civil aviation authorities this week licensed Dragonair to operate 21 new routes, giving the carrier its first substantial opportunity to begin generating a steady flow of cash. At the same time, rival Cathay Pacific Airways

appears to have dramatically upstaged Dragonair in the two airlines' efforts to win acceptance here Both of these developments came in a single day

earlier this week. As a result, the Year of the Rabbit, which began Thursday, suddenly seems to hold as much uncertainty for Dragonair as it does Since it was formed 18 months ago, Dragonair's struggle to survive has centered chiefly on winning

the right to build a network of routes for its tiny fleet and on developing the few routes it has already been granted. In this it has routinely encountered objections

from Cathay, Hong Kong's unofficial flag carrier,

and what Dragonair says is a discriminatory avia-tion policy based largely on the British "old-boy network," Hong Kong section.

Now Dragonair faces an altogether new chal-lenge. On Thesday, Cathay announced that a mainland merchant bank, China International Trust & Investment Corp., would become a 12.5 percent shareholder in Cathay.

CITIC, as the Chinese institution is known, is to pay \$249.3 million for 212 million new Cathay shares and 146 million shares currently held by Hongkong & Shanghai Banking Corp. Cathay's parent, Swire Pacific Ltd., is to retain a

One question raised by the transaction is whether CITIC and similar Chinese institutions are functioning more or less independently or whether the move represents an abrupt decision by China to support Cathay in its long-running battles with

Analysts also question whether Swire Pacific's link with a mainland enterprise represents an alternative to the course chosen by Jardine Matheson three years ago when it moved its headquarters to CITIC, which has been diversifying its activities

See DRAGONAIR, Page 11

Japan's Surplus In Trade Soars 75%, to a Record

TOKYO - Finance Ministry of Japanese goods abroad. The vol-ficials said Friday that, despite the ume of business has declined effects of a stronger yen, Japan's current-account surplus soared 75 percent in 1986 to a record \$85.97

The bloated surplus, which compares with the previous record of \$49.17 billion in 1985, resulted largely from increased exports of merchandise to industrialized nations, particularly the United States, the officials said.

The current account is the broadest measure of a nation's trade, and includes goods, services and short-term interest dividends.

Japan's merchandise-trade surolus alone was a record \$92.66 billion last year, a 66 percent increase from \$55.99 billion in 1985.

The nation's long-term capital outflow also doubled to \$131.81 billion last year from \$64,54 billion

in 1985, the ministry said. The current-account surplus for December also se. a monthly re-

cord, at \$9.4 billion. The figure compares with \$8.14 billion in November, The previous

record monthly surplus was \$9.1 billion in September, Japanese exports totaled \$205.56 billion last year, with \$80.4 billion, or 39 percent of that amount, imported by the United States, ac-

cording to preliminary customs clearance figures.
Imports came to \$112.9 billion, with the United States accounting for 26 percent of that figure, the

figures showed. Japan reported a deficit of \$4.33

billion in services, or "invisible" trade, following a \$5.16 billion def-icit in 1985, ministry officials said. The record 1986 balance in Japan's current account came despite the yen's appreciation of about 60 percent against the dollar since leaders of live industrialized coun-

tries agreed in September 1985 to drive down the U.S. currency's val-ue to help reduce the U.S. trade While the high yen has failed so far to curb the country's trade sur-

sharply as a result in yen terms. damaging companies' confidence and prompting efforts to reduce labor costs.

The ministry, underlining that trend, announced Friday that the unemployment rate rose to 2.8 percent in 1986, the highest figure since Japan adopted its current sys-tem of calculating jobless statistics in 1953. The jobless rate was 2.6

Officials said that the increase reflected the reluctance of Japanese manufacturers to hire workers

arnid a slump in overseas sales of Japanese cars, steel and other Haruo Muto, an economist with the Bank of Tokyo, said that unem-

ployment could rise to 3 percent this year, which is low by European and U.S standards but a politically explosive figure in Japan.

Despite the trade results, Japan's surpluses should decline in 1987 as

the drop in trade volume is reflected in dollar values, analysts said. The yen is stronger and Japa-nese goods are not being bought"

at the same levels "in the United States," said the chief economist of the Long-Term Credit Bank of Ja-pan, Nobuyoshi Araki, "Last De-cember should be the peak." U.S. pressure on Japan to do

more to fuel its domestic economy and thereby increase imports is also certain to continue, economists

Japan is widely expected to an-nounce a cut in its official discount rate as one way of stimulating growth by making it cheaper for companies to borrow funds.

Economists said that the record current-account and trade surpluses could foil Tokyo's efforts to stabilize the value of the yen against the dollar in the short term. "We should brace for turbulence

in the currency market," said Akio Kohno, the chief economist for

(AFP, Reuters, AP)

The Paribas Sale: An Embarrassment of Riches

By Claire Rosemberg

Net purchases by domestic insti- ment, caught off guard by the runaway success nutional investors hit a record 6.38 of its latest sale of a state-controlled enterprise, trillion yen on Japan's three major may face the embarrassment of having to back-stock exchanges in Tokyo, Osaka track on a major promise it made to investors.

The government of Prime Minister Jacques Chirac is studying how to keep a promise that individual investors would be able to purchase at least 10 shares each in Cie. Financière de Paribas, the big French banking group that is being denationalized.

The sale of Paribas is part of a 300 billion franc (\$51 billion) program to return 65 companies to the private sector by March 1991, reduc-ing to 10 percent from 28 percent the state's direct stake in the economy.

The rush for shares in Paribas, which went on sale last week, is expected to far exceed the demand for the first group privatized, Cie. de

By Bruce Horowitz

one of the oldest American ad com-

panies is still up to the job.

After the events of this week,

that will not be easy. On Monday,

say Thompson's creativity is

The government has set aside 14.7 million shares for small investors at 405 france (\$67.50) each. But Pinance Minister Edouard Balladur said Toesday that small shareholders might not get their promised 10 shares. Mr. Balladur told a television audience on

Tuesday that he would do his best to honor the 10-share promise. But officials admitted privately that to do so might require dipping into 6.7 million shares earmanked for foreign buyers and 8.5 million set aside for long-term institutional investors.

The alternative — issuing fewer than 10 shares each — would raise problems in a year or so. Buyers who hold onto their shares until then they own, a major incentive for new investors.

Mr. Balladur brushed off the potential complications. "I would rather be burdened by success than submerged by failure," he said

Saint-Gobain, a major maker of glass and iron Tuesday. "The French are showing their faith pipes. That offer was 14 times oversubscribed." Paribas issues has stilled fears that the flood of share offerings could give the Paris Bourse

Meanwhile, professional investors complain that priority for small shareholders has squeezed them out of privatization, skewed the market, and breached the Chirac doctrine of

economic liberalism. In a bid to discourage speculation, the Fi-nance Ministry last week told brokerage houses and banks, under threat of legal action, to stop displaying pre-issue "gray market" quotations for Paribas on dealer screens.

The screen quotes, aimed at professional traders, valued Paribas shares at 480 francs, nearly 20 percent higher than the official issue price. Mr. Balladur later termed the move "an error" and changed his mind.



Don Johnston

Baker Says U.S. Is Considering A G-5 Meeting

WASHINGTON - The United States is "giving some consideration" to a meeting of the Group of Five industrial nations, though there are "no pre-sent plans for a G-5," Treasury Secretary James A. Baker 3d

"I think it's clear there is some consideration being given to the possibility" of a meeting. Mr. Baker said in response to a question from the Joint Economic Committee of Congress. He also told the committee that Washington had not been pushing for a decline in the dollar in the past year.

In Tokyo, Japanese officials and Western diplomats said Friday that Japan was continuing to press hard for a meeting but that Britain and West Germany appeared reluctant. The diplomats attributed their hesitancy to fear that the dollar would fall sharply if the group met and failed to agree.

West German sources said that, despite official doubts about the usefulness of a meeting, Bonn would not refuse to participate. The Group of Five comprises West Germany, Britain. France, the United States

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Nikkei Average

TOKYO - Institutional investors drove the Japanese stock mar-ket's key index, the Nikkei 225stock average, beyond 20,000 for the first time on Friday. Faced with historically low inter-est rates, buyers flush with cash but

with few investment alternatives pushed the average up 127.30 yen to 20,048.35 yen, its seventh record in as many days.

Analysts said there were no fresh

The average has risen 53 percent in the past year. The rise has been attributed to a boom on Wall Street

up for currency losses. The average hit 10,000 yea only

record-breaking appreciation of the yen, is expected to reduce soon its official discount rate, the fee for 2.5 percent, a record low. It would be the fifth reduction in a year.

But, he said, "institutional inves-

Stockholm

STOCKHOLM - The government imposed a general price freeze on most goods and services on Friday in an effort to head off labor negotiations that could fur-ther fuel inflation.

A clause in the two-year national

line, the government statement the chairman was dismissed. Late said. The price of gasoline is al-

Mr. Feldt said he hoped that the weeks from now the company is

He said the measure should be eclipsed only by its spending. short-term, but he refused to predict its direction.

West, Sweden's relatively good in-

Las Angeles Times Service
NEW YORK — The advertising
giant J. Walter Thompson Co. suddenly has a selling job to do on its
own behalf; convincing clients that was also let go, reportedly for sup-porting Mr. O'Donnell's plan. Mr. Johnston said he had spent

A Selling Job for J. Walter Thompson

ents such as Burger King Corp., Miller Brewing Co., Eastman Ko-dak Co., Chevron Corp. and the U.S. Marine Corps: "I see a period of stability ahead." ady controlled.

While the 123-year-old company generally gets high marks for its executives and analysts say it is bloated and poorly managed. Two

While many advertising compaposed a general price freeze was in Thompson was among the last to March 1985. It ran until October shrink its payroll. Nearly 200 workthough the agency saved some money in 1986 by shutting down its Washington office, it has no plans branches worldwide.

"It's not like running a factory prices, and it is widely feared that line," Don Johnston, chairman and chief executive of JWT Group, said Despite the low 1986 inflation, Thursday. "You can't just go shut-Swedes pay costs on the high side ting down lines in a business like In a lousy year for most ad agen-

enough," he said.

This week, however, Mr. John-"We are facing a few critical This week, however, Mr. Johnwecks at present," Mr. Feldt said. ston, 59, had little choice but to "We must capitalize on the slow-react. Joseph W. O'Donnell, 43, down in wage costs and we are chairman of J. Walter Thompson telling industry it should not pass Co. and heir apparent to Mr. John-higher costs on to the consumer." (AP, Reuters) gain early control of the company

Dismissals Add to Troubled Ad Giant's Image Problem through a leveraged buyout. On Thursday, the company said John E. Peters, 55, president and chief operating officer of the ad division, Thompson spends money as fast as Thompson spends money as fast as Burger King sells Whoppers. "They do great ad work," said Alan Gottesman at the New York bro-

kerage L.F. Rothschild, "but their

get its own act cleaned up," he said.

J. Walter Thompson named

eight company executives to its board Friday, increasing the num-

ber of directors to 26, Renters re-

The appointments had been con-templated before the dismissal of

Mr. O'Donnell, a spokesman said

The board decreased in size to 18

from 20 when Mr. O'Donnell and

ported from New York.

■ Agency Expands Board

much of his time on the telephone for the past week trying to calm clients. He said he had spoken with profit margins are awful." One of the company's competi-tors, Edward H. Meyer, chairman 40 JWT office managers worldwide and 30 key advertisers, telling cliof Grey Advertising Inc., says he is baffled by Thompson's problems. "It's a paradox how an agency that performs so well for its clients can't

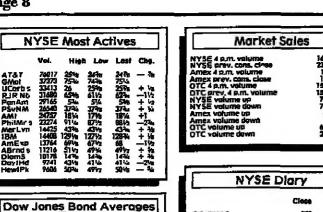
Stability, at least with clients, has long been a hallmark of the company, which says its 20 largest clients have used its services for an average

JWT Group employs 9,800 peo-ple worldwide, one of the biggest payrolls in the industry. Its divisions expect to post combined 1986 worldwide billings of about \$3.6 billion, ranking fourth internationally. Saatchi & Saatchi Co. Inc. of Mr. Peters left.

BANQUE DE GESTION PRIVÉE Geneva, Switzerland

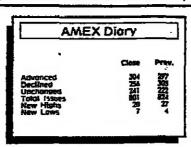
Wishes to inform its clientele that it is not concerned by the merger of BANQUE DE GESTION PRIVÉE, Paris, with Société Internationale de Banque (SIB), and it remains an independent Swiss Bank.

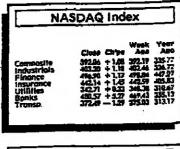
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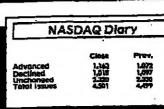












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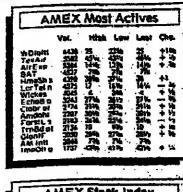
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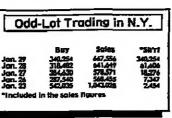
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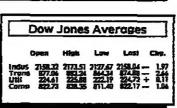
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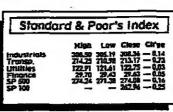
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Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsew

N.Y. Prices Dip in Profit-Taking

NEW YORK — Prices on the New York
Stock Exchange finished narrowly lower Friday
after late buying erased sharp losses caused by
profit-taking ahead of the weekend and limited

Although the market climbed dramanically in
January, Friday's pullback was "very calm," he
observed. He predicted that stock prices would
have a week or two of rest and recuperation
before moving higher again. utures-related selling.

Trading was active, but noticeably slower than in recent sessions.

The Dow Jones industrial average slipped 1.97 points to 2,158.04. It had fallen 18 points in early afternoon trading.

Declines narrowly outnumbered advances Volume amounted to about 163.36 million shares, down from 205.25 million Thursday and dramatically below the record 302.46 million

traded the previous Friday.

Broad market gauges slipped. The New York
Stock Exchange composite index slid 0.08
points to 156.11. Standard & Poor's 500-stock index lost 0.16 to 274,08. The price of an average share fell 2 cents.

The Dow set record highs 15 times in January, climbing 262 points, or 13.8 percent, of its value on Dec. 31. Declines on Thursday and Friday were the first back-to-back losses for the market this month.

"Friday's action has nothing to do with anything a rational person might think," said Albert Goldman, a market strategist at A.G. Edwards in St. Louis. "The market wasn't concerned with the better-than-expected trade

deficit data or with any particular news devel-opment. It was just calling 'time out." Mr. Goldman said that Friday's decline in slower trading was a positive development.

"The sign of a healthy market is that it can get very 'overbought' in a short period of time and then not collapse," he said.

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ANGMANAGAMES

have a week or two of rest and recuperation before moving higher again. Traders said that the government's report

lion in December inspired some profit-taking in stocks of American companies with multinational markets. Gold fell sharply, and the dollar rallied on

that the U.S. trade deficit shrank to \$10.7 bil-

news of the unexpectedly narrow December trade deficit. Traders said that a rebounding dollar might alleviate inflation fears in the credit markets, eventually leading to higher bond prices and lower interest rates. Most of the bull market's

gains have been attributed to low rates. AT&T was the most active NYSE-listed issue Friday, sliding 1 to 24%. On Thursday, it reported a sharp drop in earnings that included a previously announced pretax charge of \$3.2

billion. General Motors followed, anchanged at 75%. Union Carbide was third, rising ¼ to 25%. Among other actively traded blue chips, IBM edged up ¼ to 128¼ and American Express fell 1½ to 68.

Dow Chemical fell 1 to 714 as a rebounding dollar prompted some profit taking in dollar-

sensitive issues.

Among high-technology issues, Unisys fell 2% to 93% and Hewlett-Packard slid % to 50%. Cray Research rose 21/4 to 11% and Digital Equipment added 4 to 145%.

Tobacco stocks were active. Philip Morris fell 24 to 8812, RJR Nabisco slid 14 to 62% and American Brands rose % to 491/2.

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WORLD MARKETS IN REVIEW

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BUSINESS ROUNDUP

Ford-Werke Will Post Profit for '86

By Ferdinand Protzman national Herald Tribune

FRANKFURT - Ford-Werke G, the U.S. automaker's West German subsidiary, will post a sold profit for 1986 after two years of severe losses and corporate restructuring the chairman of its manag-

In a separate report, the West German automaker Audi AG reported Friday that its sales rose 4 percent last year to 10 billion DM, according to provisional figures, from 9.6 billion DM in 1985. But it did not release earnings figures.

Daniel Goeudevert said in a statement that Ford-Werke was in the "deep black" for 1986, but he did not provide a specific profit figure. Ford-Werke posted net losses of 251.1 million Deutsche marks (\$140.9 million at current exchange rates) in 1985 and \$298.1 million DM in 1984.

Burton Holders LTV Reports Pass Stock Plan Operating Profit

LONDON - Shareholders in the British retail chain Burton Group PLC have approved a much-debated share option plan that could give huge bonuses to the company's senior executives.

Burton also reported Thursday that it nearly doubled its pretax profit last year, to £148.7 million (\$227.5 million) from £80.2 million the previous year.

Burton, whose share price has been depressed by the controversy and by rumors, later denied, that the government was about to start an inquiry into its share dealings, won approval of the stock plan by 97.9 million votes to 53 million. Critics of the plan, reserved for 80 senior executives, said benefits from Burton's growth should go to shareholders or employees.

profitability resulted from a change in its sales strategy following two years of cost-cutting and streamlining of its operations.

"Ford has become leaner and more efficient." Mr. Goeudevert

After focusing in 1984 and 1985 on increasing its market share, earnings figures. In May, company Ford-Werke shifted its sales emphasis to maximizing profit. Its 10.7-percent share of the West German auto market in 1986 was off slightly from 10.9 percent the previous year, the company said.

Passenger car sales rose 9.8 percent last year to 893,618 units from 813,647 units in 1985. Exports climbed 7.4 percent to 590,129 cars from 549,378.

Auto industry analysts agreed ith Mr. Goeudevert's assessment of Ford-Werke and said that the uncontrolled acceleration by some success of two German-built Ford of its cars from a stationary posimodels, the Scorpio and Taurus, in

DALLAS - LTV Corp. said

Friday it posted a net loss of \$453.4 million in the fourth

quarter, considerably wider than \$75.7 million a year earlier, but had an operating profit,

taking into account a \$600 mil-

lion charge related to Chapter

For the year, LTV had oper-

ating income of \$171.9 million.

against a loss of \$88.7 million in 1985. Including special charges of \$3.24 billion related to reor-

ganization under Chapter 11 of

the Federal Bankruptcy Act,

however, it posted a net loss of

LTV said fourth-quarter op-

crating income from steel was

\$3.25 billion for the year.

11 proceedings.

Ford-Werke said the return to the U.S. market had added luster to the executive's reputation.

Audi officials, meanwhile, said car production would rise to more than 400,000 units in 1987 after slipping to 384,000 units last year from 392,000 in 1985.

by Volkswagen AG, did not release officials said that its 1986 profit was unlikely to equal its record net of 221 million DM for 1985. Audi's auto sales in the United States, its main export market.

slipped last year to 60,000 units from 75,000 cars in 1985. But the company said it was aiming for U.S. sales of 80,000 cars this year.

Lutz Schilling, a spokesman for Audi, said that the company's image in the United States had suf-fered because of reports of sudden. uncontrolled acceleration by some

Dollar's Fall Hits Swiss Watches

BIEL Switzerland - Swiss watch exports, hurt by the falling dollar, dropped slightly in value last year after a record in 1985, even though the number sent abroad rose by 6 percent. the industry said Friday.

Exports totaled 4.27 billion Swiss francs (\$2.84 billion), down by I percent from 1985. according to the Federation of Swiss Watchmakers. The number of watches, clocks and movements exported rose to 61 million, but this was more than

wiped out by the weaker dollar. The industry is Switzerland's fourth-largest export earner. Almost half of the industry's business is carried out in U.S. dollars and further declines in the value of exports are expect-

TWA Earns \$85 Million In Period on Gain From Sale

NEW YORK - Trans World Airlines swang into profit in the fourth quarter, usually its weakest period, reporting operating earnings of \$21.7 million and net income of \$85 million.

The figures, which result in a net profit of \$2.36 per share, compare with a net loss of \$123.4 million and an operating loss of \$91.5 mil-lion in the fourth quarter of 1985. Had it not been for an extraordinary gain of \$134.6 million from the sale of a 50-percent interest in

its computerized reservation service, TWA would have posted a \$50 million net loss for the quarter. But analysts said Thursday that the airline was making considerable progress toward becoming

profitable on an operating basis.

Operating revenues were \$856.9

million in the quarter, up 2 percent from \$839 million in the comparable 1985 period.

For the year, TWA had a net loss of \$106.3 million, a 45 percent improvement from 1985's loss of 193,1 million, 1986 revenues fell 16 percent to \$3.1 billion.

Analysis said that fourth-quarter results were further evidence of the carrier's recovery under Carl C. Icahn, the investor who gained control of TWA a year ago with the help of two unions that agreed to

wage cuts.
TWA has "done a good job on the cost side," said Michael Derchin of First Boston Corp. He also cited Mr. Icahn's strategy of shifting airplanes from trans-Atlantic routes to Florida and Caribbean routes in the winter, when interna-

\$130.5 million.

COMPANY NOTES

Chrysler Corp. scheduled five U.S. car and truck assembly plants to work overtime in the week of Feb. 2. It also scheduled four assembly

plants to work on Saturday, Jan. 31.

DMR Group Inc., an information management company based in Montreal, has agreed to buy Corsys Belgium SA, a private informa-tion management company with annual sales of about 4.2 million dollars (\$3.14 million). Terms were not disclosed.

Dumez Investments Inc., which is 70-percen owned by Dumez. SA, a Paris construction company, and 30 percent by Unicorp Canada Inc., said it has started a tender offer for all shares of Westburne International Industries Ltd. at 20 Canadian dollars (\$14.90) a share. General Motors Corp. has begun a worldwide industrial cleaning venture with ARA Services, to be called GM-ARA Industrial Cleaning.

Honda Motor Co. has bought a supercomputer from Cray Research Inc. of the United States for \$7 million to enable it to calculate the aerodynamic drag of car bodies, engine combustion efficiency and to simulate crash tests.

ITT Corp. has consolidated all of its worldwide automotive products units into a new entity called ITT Automotive Inc. with annual sales of about \$2 billion. The units include Alfred Teves GmbH of Frankfurt, ITT North America Automotive, ITT Electrical Systems Group, SWF Auto-Electric GmbH of West Germany, Lester Industries, ITT Hancock. Koni of the Netherlands, ITT Industrie Riunite of Turin and ITT Highes.

Kokusai Motorcars Co. of Tokyo has agreed to buy the Hyatt Regency Mau. Hawaii, for \$319 million in cash from an investment part-nership affiliated with VMS Realty Inc. of Chicago. The property will continue to be managed by Hyatt Corp., which operates 123 hotels

MCI Communications Corp. has begun digi-tal satellite communications services to Britain. Belgium, France and West Germany. MCI, said it will also offer digital private-line service to the Pacific Basin beginning in April.

Pratt & Whitney, a unit of United Technologies Corp., has signed a \$100 million contract with China to supply 16 PW-4000 engines to be used in Boeing 767s. It said that China is one of the company's biggest customers.

ADVERTISEMENT INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed)

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CORN (CBT) 3,000 by minimum-dallars per bushel 2,4712 1,5724 Marr 1,5714 1,574 1,574 1,574 2,42 1,6614 Marr 1,5714 1,574 1,574 1,574 2,77 1,4615 Jul 1,6614 1,68 1,66 1,68 1,40 2,0715 1,6415 Jul 1,6614 1,68 1,66 1,68 1,57 1,971 1,7114 Dec 1,75 1,7612 1,7612 1,7612 1,7614 1,77 1,7714 Dec 1,75 1,7612 1,7612 1,7612 1,7614 1,77 1,9714 1,714 Marr 1,27 1,7612 1,7612 1,7614 1,7614 1,7615 1,5515 1,551 Mary 1,9745 1,8415 1,842 1,9614 1,971 1,9515 1,551 Prev, Coles 1,6,777 1,774 Day Open Int. 1,34,987 off 5	1 8.00 7.04 Mar 8.25 8.0 1 8.25 7.90 May 2 Est. Soles Prev. Soles 13.314	2 820 841 +.04 Prev. Do	INCLUM MARY 10250 11225 11225 11225 1225 1225 1225	· L
SOYBEANS (CBT) 5.900 bu minimum-dollars per bushel	COCOA (NYCSCE) 10 metric tens-s per ton 2264 1627 Abry 1840 182 2264 1627 Abry 1840 184 2270 1822 Sen 1708 172 210 1822 Sen 1	1905 1917 —18 CANADI 3 1940 1952 —18 Sperdin 3 1970 1983 —19 3474	IAN DOLLAR (1884) 1 point runois 52,000 A770 Mar 7441 7470 7428 7447 - 4	14% 64% 64% 64% 64% 64% 64% 64% 64% 64% 6
\$75	Prev. Day Geen Int. 25,070 up 71 ORANGE JUICE (SPCCE) 153.00 Bis. cents per ib. 153.00 Bis. cents per ib. 154.00 Bis. cents per ib. 154.01 Bis. cents per ib. 154.01 Bis. cents per ip. 120.00 122.00 154.01 Bis. cents per ip. 120.00 122.00	Est. Sale Prev. Do	s 5.201 Prev. Soles 4.563 N Open Int. 21,223 up 912 H FRANC (IAMA) NC I point equals 90,00001 .14500 Ator. 14500 .14500 .14500 —	75 175 16 Aug. 775 Aug. 775 175 175 186 Aug. 775 Aug. 775 Aug. 775 Aug. 775 1876 Aug.
SOY BEAM MEAL (CET) 180 Inst-dokins over for 161 162.10 140.50 Natr 142.80 145.90 142.50 144.90 +1.1 167.70 179.50 Mary 133.60 140.50 137.20 144.90 157.90 138.90 Jul 138.20 179.30 138.20 138.70 157.50 138.90 Aug 130.00 138.90 138.90 138.30 157.50 138.90 Oct 177.90 138.50 137.50 138.30 152.60 138.70 Oct 177.90 138.50 137.50 138.00 138.50 138.50 154.60 138.70 Dec 138.53 138.70 138.50 139.5	May	17115 +.15 GERMA Sper mo	ny Open Int. 273 279 Alaurik (12AAh) ris-i point equals 50,000 470 Ahor 5528 5530 5410 5448 4650 Jun 5542 5570 5450 5497	506 276 A 2702 1496 A 1592 756 A 1576 1292 A 156 276 A 156 276 A 157 746 A
Est, Square for 44 fifth on 7th	COPPER (COMEX) 25,000 (bs cents per lb. 70,00 56,20 Mor 68,70 60,90 Apr	Prev. Do	#### See 5545 2545 4576 2524 — 5017 Dec 5426 5628 2530 2549 — 5 42.555 Prev. Soles 26,085 v Open Int. 44,518 up 873 1 point exuals 91,00007 1 point exuals 91,00007 106550 Ahr 06,559 80,6545 106,475 00,6514 — 80,6121 Jun 20,6385 30,6573 30,6503 30,652 — 80,6121 Jun 20,6385 30,6573 30,6503 30,652 — 80,6221 Dec 50,6570 30,6570 30,6570 30,6432 — 5 17,165 Prev. Soles 12,793 v Open Int. 25,718	21% 28 A 21% 28 A 21% 13% A 22% 13% A 61 28 A 61 29 A 61 14% 78 A 61 14% 78 A 61 14% 78 A
SOV BEAN OIL (CBT) 60.00 lbs-dollars per 100 lbs, 20.25 14.10 Alor 16.77 17.00 14.45 16.71 20.90 14.40 Alor 16.77 17.00 14.45 16.71 18.70 14.25 Jul 17.52 17.55 17.26 17.26 — 18.40 14.65 Aug 17.55 17.57 17.30 17.32 — 17.61 14.48 See 17.50 17.55 17.30 17.32 — 17.62 14.48 See 17.50 17.55 17.30 17.32 — 17.53 14.48 See 17.50 17.55 17.30 17.32 — 17.54 17.55 Dec 17.40 17.42 17.20 17.30 — 17.55 15.57 Jen 17.30 17.30 17.30 17.30 — 17.55 Sales Prev. Sales 18.144 Prev. Day Open Int. 84.63 up 2.853	70,80 60.45 Jon 68.50 60.70 Mar 63.45 63.45 64.85 60.90 Mary 64.15 62.30 Jul	42.0 42.81 -46 SWISS F 42.81 -46 SWISS F 43.40 -46 Sper from 43.50 -45 473	y Open Int. 25,718 RANC (LIMA) 10: 1 point requisis \$10,001 5125 Mar 4590 \$465 \$450 \$484 —1 5125 Mar 4590 \$445 \$455 \$550 \$584 —1	69 (75 74% A
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CATTLE (CME) 40,000 ibscrnts per ib. 62.45 51.70 Feb 41.90 41.40 41.95 41.57 +1.2 62.15 51.30 Apr 41.45 62.95 41.32 62.87 +1.2 62.15 51.30 Apr 41.45 62.95 41.32 62.87 +1.2 62.57 51.25 Apr 57.85 52.81 57.80 52.81 +1.2 62.67 51.0 52.0 Oct 52.90 57.85 52.00 57.75 +1.8 67.70 52.00 Feb 57.70 57.50 52.80 57.75 +4.8 67.70 57.70 55.10 Feb 57.70 57.50 57.75 +4.8 65.1. Soien 26.95 Prev. Soien 25.710 65.1. Soien 25.710 65	52.15 S0.90 See Dec Jon Mary Jul See	\$10 \$155 -## LUMBER \$150 \$155 -## LUMBER \$150 \$155 -## LUMBER \$150 \$155 -## LUMBER \$150 \$155 \$155 -## LUMBER \$155 \$155 \$155 \$155 \$155 \$155 \$155 \$15	R (CME) 1.1Sper 1,000 bcl. (ft. 151.00	172 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2
Prev. Day Open Inf. 73,79 atl 541 FEEDER CATTLE (CME) 44,000 lbs cent's per lb. 47,95 Mor 44,70 47,95 44,72 47,95 +1,81 44,22 \$7,00 Apr 65,70 47,00 45,85 47,00 +1,11 45,15 \$25,9 Moy 44,50 45,85 45,9 45,9 5	Est. Sales Prev. Soles 38 Prev. Day Open Int. 828 up 5 SILVER (COMEX) 5400 trov 02-cents per Iray 02. 5400 trov 02-cents per Iray 02. 5400 trov 02-cents per Iray 03. 5400 trov 02-cents per Iray 02-c	50,000 fbs.	A(MICE)	
FEEDER CATTLE (CME) 44.000 lbscents ser lb. 47.05 54.75 Mear 44.70 157.5 Mear 44.72 54.75 Mear 44.72 57.00 Apr 45.75 52.50 Meav 45.75 62.50 62	752.8 50.0 May 554.3 56.5 74.5 74.2 51.0 51.5 57.5 77.9 51.5 50.5 57.0 57.0 57.0 57.0 57.0 57.0 57	129 Est. Sales	Prev. Sales 7.511	33 21% 86 1774 7% 87 5 374 24 83 1872 11% 83 1974 13% 80 11% 806 84
HOGS (CARE) 10,000 lbs. cents per lb. 50,000 lbs. cents per lb. 50,000 lbs. cents per lb. 50,000 cents per	Doc Prev. Soles 40.745 Prev. Day Open Int. 94.551 up 257 PLATINUM (NYAME) Si hroy cut-delibra per trovce. SMA0 SMA0 Feb 687.50 361.00 Apr 520.00 530.50 687.50 361.00 Apr 520.00 530.50 686.00 447.00 Ul 528.00 525.50 686.00 444.00 Oct 522.00 526.50 687.40 484.00 Oct 522.00 526.50 684.50 687.60 484.00 Oct 522.00 526.50 544.50 687.00 487.00 Est. Soles 449.0 Prev. Soles 3.000 Prev. Day Open Int. 16.549 687.750	53.00 51.00 51.30 50.26 50.26 50.20 50.20 61.80 50.20 61.80 50.40 50.40 50.40 50.40 50.40 50.40 50.40 50.40 50.40 50.40 50.40 50.40 50.40 60.40	COLL (NYME) CONTROL PRO SING SING SING 14.0 MASS Feb SING 14.0 MASS FEB SING 14.0 MASS FEB SING 14.0 PROV. Soles 19.430 Open Int. 44.27 off 1.770	7 33% 25% Bo 7% 5% Bo 12% 7% Bo 16% 3 Bo 10% 4% Bo 10 5% Bo 12% 1 Be 10% 4% Be
PORK SELLIES (CME) 40,050 lbs cents per lb.	694.00 444.00 Oct 522.00 524.50 4 497.40 474.00 1.00 522.00 522.00 5 544.50 474.00 4.00 522.00 522.00 5 544.50 474.00 4.00 522.00 5 Prev. Day Open Int., 16.549 6ff 750 PALLADIUM (NYME) 100 frey car-doillars per car 122.00 122.00 Feb	522.00 537.01 — 6.60 CRODE: 1,000 hbi- 1,000 hbi- 19,18 18,37 18,27 18,27 18,27 18,27	Open int., 64272 of 17/0 Old (NYME) dollars per bbt. 10.56 Mor 18.72 18.01 18.71 18.72 + 49 10.59 Apr 18.42 18.47 18.57 18.57 + 10.70 10.79 Mory 18.42 18.47 18.77 18.57 10.70 Jun 18.21 18.22 18.77 18.17 + 41 10.85 Jul 18.07 18.00 18.07 18.17 + 41 10.85 Jul 18.07 18.00 17.99 18.00 + 40 15.20 Sep 17.90 17.90 17.90 17.90 17.00 Dec 18.00 18.00 18.00 18.00 - 8 Open int. 127.488 up 1.599	7% 5% Be 374 16% Be 2 23% Bk 154 10% 5% 12% 2214 Bk 25% 1310 5% 1 25% 1310 5%
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CDoltr 72	Financial	Prev. Day MYSE CO. Soluts and 160.10	210.00 Mor 242.00 246.00 262.90 363.65 +2.15 2179.50 Jun 241.90 244.50 241.50 244.55 +2.45 222.00 Sep 240.80 Dec Prev. Soles 2.884 Open Int. 10,472 tur 133 MP. INDEX (NY FE) Cents 122.00 Mor 154.10 157.80 154.95 154.55 -2.81 131.05 Jun 154.90 157.90 154.95 157.10 -2.81 131.90 Sep 157.90 157.90 157.95 157.95 -3.81 140.30 Dec 158.75 158.75 158.75 158.80 -3.81 140.30 Dec 158.75 158.75 158.35 158.80 -3.81 140.30 Dec 158.75 158.75 158.35 158.80 -3.81 140.30 Dec 158.75 158.75 158.35 158.80 -3.81	214 1312 Cat 1619 10 Cat 1619 10 Cat 1746 7/2 Cas 1776 1176 Cas 1776 1176 Cat 1786 617 Cat 1786 1170 Cat 2719 1170 Cat 1786 277 Cat 178
OMark 48	Est. Soles Prev. Soles 4.390	94.15 94.18 -87 91.97 91.94 -87 91.22 91.73 -89 Moody's	Commodity Indexes Close Previous	3134 344 Cas 54a 44 CP4 4134 3014 Can 14 11 Can 1514 536 Can 9 45c Can 1994 814 CH2
54.56 1.00 1.00 1.00 1.00 1.00 1.00 1.00 1.0	102-12 77-15 Sep 101-4 76-20 Dec Est. Sales Prev. Sales 14.347 Prev. Dev Open Int. 67.875 up 214	644 1645 —10 62-11 103-13 —9 Com, Re 102-21 —9 Moody' p - preli Reuters	903.50 f 908.70 1.573.30 1.603.70 ures 116.22 116.71 search N.A. 212.59 s : base 100 : Dec. 31, 1931. Imlinary; f - final s : bose 100 : Sep. 18, 1931. nes : bose 100 : Dec. 31, 1974.	45% 21% One 34% 17% Cht. 34% 17% Cht. 34% 18% Cht. 8% 5% Cht. 34% 28 Cht. 33% 25 Cht. 33% 41% Clip
SFronc 60 r 4.65 r r r r 0.5 64.86 61 r 4.65 r r r 0.7 64.86 62 r 2.36 4.75 0.16 8.52 64.86 63 r r 3.46 0.22 0.75 64.86 64 1.5 r 3.12 0.75 1.10 1.25 64.86 64 1.5 r 3.12 0.75 1.10 1.25 64.86 65 0.86 1.54 7.65 1.13 1.55 2.36 64.86 67 0.25 0.73 1.73 2.50 r 3.6 64.87 0.75 0.75 0.75 0.75 0.75 0.75 0.75 0.7	Est. Soles Prev. Soles 16-32 prev. Soles 16-32 prev. Doy Open Int. 6/3/25 up 2/4 US TREASURY BORDS (CBT) 18 pc16/48/30-pc18 pc16/48/30-pc18 pc16/48/30-pc18 pc16/48/30-pc18 pc16/48/30-pc18 pc16/48/30-pc18 pc16/48/30-pc18 pc18 pc1	9-16 99-22 -14	Market Guide	23/4 17/2 Cirk 27/4 18/9 Ciet 27/4 7/4 Ciet 28/4 44 Cier 16/4 8/4 Cier 17/2 35/4 Cier 57/6 24/4 Cier 12/4 5/9 Cier 12/4 5/9 Cier
Total call vol. 38.897 Call seem Int. 473.597 Total set vol. 37.465 r—Not traded, —No action affered. Lest by premium (surchase srice). Source AP		91-22 -12 COMEX: 91-22 -12 COMEX: NYME: KCBT: NYFE:	Chicago Board of Trade Chicago Mercantille Exchange International Manetary Market Of Chicago Mercantille Exchange New York Copts. Supar, Coffee Exchange New York Coffor Exchange Commodify Exchange, New York New York Meycantille Exchange Kantas City Board of Trade Maw York Fylares Exchange	35% 14% Com 11% 71% Com 11% 4% Com 11% 5% Com 27% 5% Com 27% 27% Com 25 18% Cond 25 18% Cond 19% 4% Com
Commodities Co	London mmodities	Dividends Jan. 30 Per Ami Pay' R	Spot Commodities	1996. 884. CHILL SA C
SUGAR French franca per wertric ton Wor 1.243 1.230 1.235 1.246 -5 Auro 1.245 1.255 1.240 1.295 -2 Auro 1.245 1.250 1.255 1.260 1.295 -4 Oct 1.270 1.250 1.315 1.225 -10 Doc N.T. N.T. 1.345 1.355 -10 Mor 1.295 1.295 1.295 1.206 1.295 -4 Est vol1.000 lots of 50 lors. Prov. estues soles: 2.572 lots. Open intercet; 20:387 Not	Close Previous Low Bid Ask Mid	INCREASED an Home Pdf _ E3 \ 7	13 Jan. 30 13 Jan. 30 14 Jan. 30 15 Commodity Today Pre- 16 Alarminum, ib 52.55 S.P. 16 Contre. ib 1.25 1.2 17 Contre. ib 1.27 1.2 18 Jan. 30 19 Jan. 30 1	5% 2% Cour 52% 36% Cras 40% 27% Cras 40% 27% Cras 24 11% Crc 27% 24% Cwc 57% 24% Cwc 21 14% Cras 24 14% Cysi 14% Cysi 16% 76 Cysi 10% 9% Cysi
Est vol.: 1,000 lots of 30 lots. Prov. actual solars: 2,572 lots. Open interest: 29,587 COCOA Starting per Mar. N.T. — 1,200 Unct. Mar. 1,15	739 lots of 50 lots.	an Surga Berrik O .15 3-2 2-3 3 Pride Cp G .01 1 ₂ 3-31 3- OMITTED Mourcing Co. mericon Bussineres STOCK		
Mar N.T. N.T. 1290 1.305 - 4 Mar 1.47. Mary N.T. N.T. 1295 1.316 - 5 Mary 1.7 N.T. 1.295 1.316 - 5 Mary 1.7 N.T. 1.295 1.316 - 5 Mary 1.47. Mar	Avery in Block H	INC - 5 PC 3-2 2-1 REWIN S&L - 10 PC 3-3 2-1 USUAL	1	I III I IIV Datel
Magr 1.455 1.440 1.460 1.470 -13 Magr 1.420 1.47	est lots of 5 fems. Interstat	Ilis Carp 30 3-1 5-1 15-1 17-1 17-1 17-1 17-1 17-1 17-	Jos. 30 Discussed Pres. Bid Offer Yield Yield	45% 32 Dillor
Feb 4220 Mar 1619 Apr 1512 May 1512 The 1510	or metric ten 197.50 161.75 142.00 198.01 198.75 197.00 160.25 160.75 158.55 158.55 158.00 160.25 150.75 158.55 158.00 150.25 157.75 152.00 152.75 159.00 159.05 151.00 152.00 152.75 154.00 159.05 151.00 152.00 152.55 154.00 159.05 159.05 152.00 152.75 154.00 159.05 159.05 152.00 152.05 154.00 159.05 159.05	## (#) 3-18 3 3 3-1 b-1	3 3 3 3 3 3 3 3 3 3	21 134 DurY:
Freeze 10D-Level Pay Volume: 3	N.T. 145.00 156.00 145.00 155.00 Royched N.T. 145.00 156.00 145.00 155.00 Royched 112 lots of 100 tons. Herd and Landon Patroleum Ex- Tondry C.	Craw RE Q J47 2-17 2-1 Industries Q .00 2-27 2-1	7 Source: Married Lunch	12% 6% EAC 15 9% EEC 12 5 ESI 4% 1 EODIC 76 EAL 10 19% EAL 23/2 15% EAL 20/2 15% EAL
will begin next week laying off 1.016 workers, mostly from management positions at its headquarters in suburban Chicago, the com-	don Metals	; M-Manthly; 9-quarterly; 3-semi	Bethlehem Steel to Sell	23 19% EAL # 201/2 15% EAL # 201/2 15% EAL # 201/4 17% EAL # 201/4 16% Esting 201/6 13 Echol 201/6 13 Echol 201/6 27% Elector 402 27% Elector 402 27% Elector
pany said Friday.	Ser with Dirt Wat 1	M Futures Options		16% 810 Estant 18% 11% Emph 5% 4% Emph 18% 4% Emph
ry increase for officers or manage- ment employees in 1987, a compa- surprise special United	791.00 792.00 784.00 787.00 800.50 801.50 794.50 795.00 FHODES (High Grade)	Jan. 30	BETHLEHEM, Pennsylvania Bethlehem Steel Corp. will sell	14 492 EnDel 3 134 Ensir 150 30 Entar
ry increase for officers or management employees in 1987, a company spokesman said. United reported a fourth-quarter loss of \$31.3 million and a 1986 loss of \$80.6 million.	791.00 792.00 784.00 787.00 800.50 801.50 794.50 795.00 FHODES (High Greds)	Collection Buts tolling	BETHLEHEM, Pennsylvania — Bethlehem Steel Corp. will sell Martin Tower, its 15-year-old cor- porate headquarters, to raise cash, the company said Friday. It also said reductions in its work force made it impractical to stay in the	15% 3% Enthy 10% 8½ Enthy 19 4% Enthy 30 15% Essen 2% 1% Essen 16% 5% EtzLo 16% 10% EvrJ 8

To Our Readers

S & P 100 index option prices
were not available in this edition

made it impractical to stay in the building.

The asking price for the 21-story building, two-story annex and 55 acres (22 bectares) has not been determined. Bethlehem recently announced a profitable quarter for only the third time in almost six years. The company has lost about \$2 billion since 1981.

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AMEX Highs-Lows

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The Associated Press

The Associated Press

NEW YORK — A former Morgan Guaranty
Trust Co. official who pleaded guilty to misappropriating millions of dollars from Brazilian
depositors' accounts was sentenced Friday to
three and a half years in prison.

Antonio Gebauer, a Venezuelan national,
was also fined \$100,000. Prosecutors said Mr.
Gebauer, a former senior vice president at Morgan, stole more than \$4.3 million from February
1976 until he left Morgan on Aug. 30, 1985, to
become an investment banker at Drexel Burnliam Lambert Inc.

ham Lambert Inc.

Prosecutors also said Mr. Gebauer admitted evading taxes on \$3.4 million in income. Based on an amended income tax return he filed late last year, they said, he owes \$6.9 million to the government, including interest and penalties.

Hong Kong Investment Firm Acquires 5.1% Stake in Resorts

WASHINGTON — Industrial Equity (Pacific) Ltd., a Hong Kong investment firm, has acquired 289,100 shares of Resorts International Inc, or 5.1 percent of the company's outstanding stock, Industrial Equity told the Securities and Exchange Commission on Friday.

Industrial Equity, which is principally owned by Brierley Investments Ltd. of New Zealand, said it bought the stake for \$14 million for investment purposes. It said it might acquire more Resorts stock but had no plan to seek control of the company.

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CURRENCY MARKETS

Dollar Up Sharply on Trade Figures Takeover Effects

Compiled by Our Staff From Dispatches NEW YORK -- Better-than-ex-NEW YORK — Better-than-expected figures for the U.S. merchandise trade deficit propelled the dollar strongly ahead Friday in New York and Europe, although it finished down from the day's highs.

The December deficit of \$10.66 hillion was well below the expected

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\$14 billion to \$15 billion. The dollar had risen even before the Commerce Department released the trade figures. Suspicions of a leak came when one foreign customer made a \$1 billion purchase of dollars through a U.S. investment house just before the fig-

After the trade figure came out, the dollar shot up to almost 1.8450 Deutsche marks, but drifted down again when the Treasury secretary, James A. Baker 3d, said that "what has happened to the dollar has been beneficial."

London D	ollar F	lates
Closing Destrois mark	FrL	Tipu.
People starting	1. 5126 1.5125	1,5300
Swiss tranc	15046	157.00
French franc Source : Reminer	0.1047	1.504) 5.9775

He also said the improved trade figure should not be overempha-

However, the dollar was up more than 4 pfennigs on the day, closing in New York at 1.8340 DM, against 1.7920 DM Thursday. It also closed at 153.75 yen, up from 152.60; at 6.1145 French francs, up from 5.9775; and at 1.5470 Swiss

francs, up from 1.5065.

The dollar was also higher against the British pound, which closed at \$1.5140, against \$1.5355

Mr. Baker did not rule out a there were no plans for a meeting. parts.

in London, the dollar was also more than 4 pfennigs higher, closing at 1.8320 DM, against 1.7888 Thursday. It was also higher against the British pound, which closed at \$1.5135, against \$1.5380

dollar was fixed at midday in Frankfurt at 1.8085 DM, up from 1.7823; and at 6.0335 French francs in Paris, up from 5.9500. It closed in Zurich at 1.5465 Swiss francs, up from 1.5045 Thursday, Overnight in Tokyo, the dollar closed at 152.65 yen, up from

In earlier European trading, the

152.05 Thursday. (UPI, Reuters)

(Continued from first finance page)

meeting with his counterparts in percent for Japanese manufacturthe Group of Five industrial countries, West Germany, Japan, Britain and France, although he said

and France, although he said

or and 64 percent for West German factories, more than twice the 30 percent of their U.S. counterparts. ers and 64 percent for West Ger-

Leveraging lowers the after-tax cost of capital by substituting debt, with tax-deductible interest, for higher-cost equity. And it helps less would find unacceptable.

Consequently, since the 1960s, net fixed investment as a percent-age of U.S. gross domestic product the total output of goods and services minus income from abroad
— has significantly lagged the Ger-man and Japanese figures.

John H. Kissick, an executive vice president with Drexel Burnham Lambert, is in charge of the company's West Coast corporate finance

Raising '87 Tally to 17

WASHINGTON — Six small banks, one each in Oklahoma, Missouri and Indiana and three in Texas, have been closed by U.S. regula-tors, raising the number of bank failures so far this year to 17, the Federal Deposit Insurance Corp.

Cathay's board.

For many analysts, the share purchase is the most severe blow yet to Dragonair. Since the airline was founded, its local ownership and its strong backing from China have been viewed as guarantees of its long-term survival.

Now, these analysts assert, Dragonair has lost its strongest suit: its profitable companies grow more claim that Cathay is essentially a quickly than they might otherwise be able to do and to undertake investments that U.S. companies China regains sovereignty over Hong Kong

"Of course, in a sense this is a setback," said Helmut Sohmen, Dragonair's managing director, in an interview after Cathay's an-nouncement. "China is important and China's goodwill is impor-

air executives are clearly confused by Cathay's new link with China, particularly as it appears to have been forged at CITIC's suggestion. But Mr. Sohmen does not accept that life as a distant No. 2 will necessarily become untenable.

"The argument now is that things will be more difficult for us," he said. "But we still believe there's room for two in Hong Kong and we still intend to develop a second airline here, even if Cathay's longterm interests are protected."

Until recently, Dragonair's ac-tivities were limited to flying un-scheduled charters into China and cember it began scheduled service dispute.

to three secondary cities in Thailand and acquired its second airim mid-1985, it was criticized, ironi-

Craft, a Boeing 737.

Now it is to begin developing the 21 new routes that were granted by Hong Kong's Air Transport Li-

ensing Authority on Tuesday. These include flights to 14 cities

(Continued from first finance page) Bangladesh; Katmandn, Nepal; who also serves as Dragonair's for some time, will have one seat on Guam, and the Japanese cities of chairman. Kagoshima, Kumamoto, Nagasaki

and Oita. By the end of this year, Mr. Son-

"Everyone seems to see it as their job to grind us down."

> - An executive of Dragonair

customer for the McDonnell Douglas MD-11, which is being de-

This would be a lot for even an established airline to digest. Apart from the implicit challenge to Dragonair's guanzi, or personal rela-tionships, in China, the Cathay-CI-TIC link may be something of a moot point, some industry watchsuggest.
"If the Cathay deal is a hurdle,

it's a hurdle so far down the road that it's not relevant to the present situation," said Carlton L. Poon, a senior analyst here for James Capel & Co., the London stockbrokerage. Neither Mr. Sohmen not any

other Dragonair executive will comment directly on Dragonair's capital commitments. But analysts believe the airline, which is private ly held, has spent some \$10 million elsewhere in the region. But in De- a figure that airline officials do not

> cally, for having too many mainland enterprises among its share-holders. The company subsequently restructured its ownership, reducing China's interest from nearly 40 percent to 9 percent.

in China, bringing its total of main-land Chinese destinations to 22. 36 percent, is Sir Yue-Kong Pao, Its largest shareholder now, with The other routes are to Dhaka, the property and shipping magnate

DRAGONAIR: Chinese Stake in Rival Stuns Hong Kong's No. 2 Carrier

Swire Pacific, in turn, "localized" Cathay last year by floating 15 percent of its share capital in the men said, the carrier will have four Hong Kong stock market. Cathay aircraft. It is already committed as is clearly pleased that it, too, now has a link with China and presum-

ably a more certain future. Although Cathay has emphasized the political advantages of its new relationship, market analysts say that the capital injection from CITIC cannot have been unwel-

With long-term debt of roughly

S830 million, according to its share

job to grand us down," said a Draprospectus, Cathay has a debt-toequity ratio of nearly 6 to 1.

Despite Dragonair's emphasis so far on routes to secondary cities in Asia, the airline insists that it intends to advance beyond the status of a "feeder" carrier.

Officials now plan to renew applications for routes to Shanghai and Beijing that were turned down last year. Eventually, they want to develop a route structure that takes in the western coast of the United States and to compete with Cathay on long-haul flights to Europe and

gonair executive. "We're just not going to be ground down."

Mr. Sohmen and other Dragon-

Eurodollar Bond Prices Slip Amid Confusion

By Norma Cohen

THE EUROMARKETS

Reuters
LONDON — Prices of Eurodollar bonds closed slightly lower Fri-day as investors sifted through conflicting signals about the direction of the U.S. currency, dealers said.

portunity to bet that the dollar had ottomed out. Reports earlier Friday of a low-

helped the dollar recover some of But traders admitted later to be-

72

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4.00

plays or those that are tailored for any 1989. the Japanese investor," a trader

New issues capitalized on that confusion, including three that specifically offered investors the oplion offering of five-year bonds at 7.625 percent. The bonds traded late Friday well inside their fees at er-than-expected U.S. trade deficit a discount of about 1.6.

But with the dollar gyrating over the ground it had given up over- a 4-pfennig range Friday, the greatest interest was centered on three

ing mystified by remarks from In trading earlier Friday, when James A. Baker 3d, the U.S. Treathe dollar was at its lows, Scandansury secretary, that a weaker dollar avian Airline Systems offered \$100

had not been a Reagan administra-tion goal over the past year.

The only issues you can sell in 1.79 Deutsche marks to the dollar, this market are either currency with an expiration date of Febru-

> The bonds yield 6.75 percent and the package was priced at 109%. Within an hour of the announcement, the dollar had tisen above the exercise price in the bonds. By the end of the day, the SAS issue was quoted by brokers at a

discount of about 14, well within its total fees of 11/4.

The two other issues, on behalf of Kansallis Osake Pankke of Finland and Banque Paribas, were pure currency plays. The warrants have no underlying security of ci-

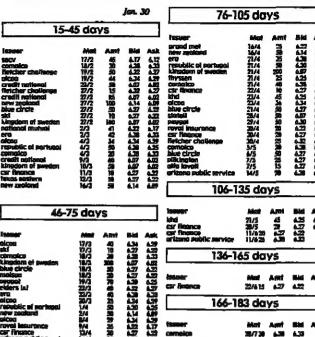
Six Banks Fail in U.S.,

United Press International

reported Friday.

All six were closed Thursday. The largest, the Montgomery County Bank, N.A., of The Woodlands, a Houston suburb, had \$45.4 million in assets. Texas led the nation in bank closings in 1986, suf-fering 26 of 138 failures nationwide. If the pace of failures continues, 1987 would be a record year for closings of U.S. banks.

Euro-Commercial Paper





Via The Associated Press

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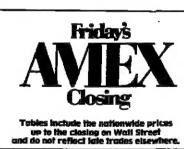
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INTERNATIONAL HERALD TRIBUNE, SATURDAY-SUNDAY, JANUARY 31-FEBRUARY 1, 1987 Sticking Point By Frances Hansen C New York Times, edited by Eugene Malesk DOWN 89 First American diplomat 90 Fellow 91 Stratagem 92 "--- Old Cowhand" 93 Go it alone 94 Wicket 95 "The Time Machine" victims 96 Speedy Atl. fliers 97 An upright 99 Chew the fat 100 Corn or angle preceder mer Time correspondent in Saigon, interpret the letters as a promise that the United States would come to Saigon's aid, even with B-52s, if the North Vietnamese should violate the peace agreement. Had it not been for that commitment, they arme Thisu would not have signed the accord. And had the United States honored its promises, Saigon There is much about this thesis that is troubling but nothing more so than the way the authors handle this basic underlying question: Can the American people be held to secret presidential com-mitments that are ultimately circumscribed by law? The War Powers Act and other Watergate-inspired legislation prevented the White House from delivering on all of Nixon's promises to Thien.

Hung and Schecter recognize this, but they conclude unsatisfactorily that the president's word, as reflected in the letters, should have been bond anyway. That notion ignores the importance of law

Frank Snepp, the author of "Decent Interval: An Insider's Account of Saigon's Indecent End Told by the CIA's Chief Strategy Analyst in Vietnam," wrote this review for the Los Angeles Times.

PEANUTS AREN'T YOU KIND OF HA! REVENGE! DID YOU KNOW THAT OUR WEIRC FOR ME ?! REALLY? BUT AREN'T TEACHER WANTS YOU AND I HEE! HEE! HEE! YOU KIND OF YOUNG TO WORK TOGETHER ON FOR ME? REVENGE! A SCIENCE PROJECT? lee! Hee! Hee! BLONDIE MY IMPROVED MEMORY COURSE GIVE ME A ARE YOU POSITIVE NEVER MIND, HOW DO. WHAT ARE WHAT ARE YOU SELLING ?)T IT'S ON BEETLE BAILEY YOU'RE GOOD AT HAPPY HOUR OH, I'M DISCOURAGED WITH MY CAREER, MY YOU LOOK DEPRESSED, SIR MARRIAGE IS A MESS, MY GOLF GAME STINKS ...

- 1-31 WIZARD of ID IF THEY COULD BO THAT WE THE TROOPS ARE OUT OF SHAPE, SAFE WOULDN'T NEED IT THEM BUILD A GYM

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REX MORGAN ARE YOU THE PERSON IN CHARGE OF THE SAFE DEPOSIT BOXES ? I'M EXPECTING MR GREGORY TO STOP THERE SHORTLY! WHEN HE ARRIVES, WILL YOU TELL

ANDY CAPP

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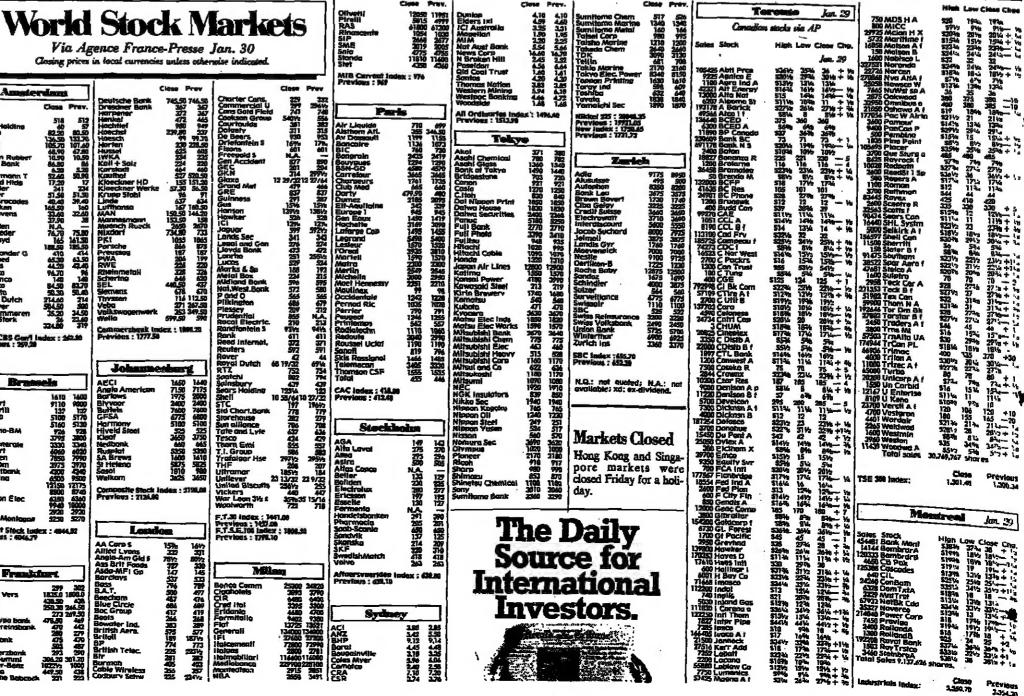


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SPORTS

Top Indy Rookie Sought by Police The Associated Press

BENTON, Illinois - A arrest warrant has been issued for racecar driver Randy Lanier, the 1986 Indianapolis 500 rookie of the year, after his indictment with ne others on drug charges

The six-count federal grand

Murray May Have Won First Skirmish in Cup Battle of Gamesmanship By substituting the older boat, which looks identical to Kookaburra III above the watersyndicate substituted Kookahurra I for Kookaburra III in practice racing against another of its boats and never denied news reports that it was Kookaburra III.

Conner has taken every opportunity to learn about Kookaburra III, a boat he has never raced against, and Murray has shown a similar interest in watching Conner. This week, neither has seemed overly confident, because the key to make sure it wasn't sailing against Kookaburra II, but had never thought to watch out for Kookaburra I. "That would be a perfect trick," the games the two will play on the water is in

Tom Whidden, Conner's tactician, said 20 knots of wind would best suit Stars & Stripes. Mike Fletcher, sailing couch for Kookaburra, would like 12 knots, but has said that his crew can live with anything up to 18 knots. At that point, the Kookaburra team would be concerned about the speed potential of Stars & Stripes, which, during the last four mouths of trial racing, has proved to be a high performer in brisk winds.

"We'll probably take it easy at the start on the first day," Fletcher said. "Our tactics in the series will depend on the results of that first half-mile (800 meters), the first five minutes of the race. We'll know then whether we're faster or slower than Stars & Stripes. As soon as we get that result, our tactician will be ready to say,
This is what we do next."

crucial first encounter. If the winds are blustery, fourth and fifth legs form a triangle to the wind, he said, Stars & Stripes will follow the pattern set and are referred to as reaches, where the wind during the last four months.

The strategy is referred to by Conner's team as the "Amy Vanderbilt start." It is a traditional timed start, perfected by Harold Vanderbilt during cup matches in the 1930s. Conner's crew and it to suit their particular style, which is to sail away from the starting line until the time is such that they can sail back up to the line and

cross it the split second the starting gun goes off.
The Kookaburra team, which uses Peter Gilmour as starting helmsman, tends to engage the other boat, circling in a traditional match-rac-ing mancuver until Gilmour can get his boat on the opponent's stern. The position is favored because yacht racing rules prevent the lead boat from tacking or jibing in the way of the boat on

Fletcher expects the initial encounter Saturday to affect strategy for the rest of the best-ofseven series. If Stars & Stripes takes an early lead, it can be expected that Conner will maintain the lead by keeping a loose cover to block Kookaburra III's wind as the Australians sail

Stars & Stripes is generally considered to have an edge in the four upwind legs of the

passes across the beam of the boat. Speeds there are likely to be fairly even. Kookaburra's strengths are in sailing downwind, the second and seventh legs of the 24-mile (38.7-kilometer)

Both teams have been working hard to develop the new balloon jib, a large, spinnaker-like sail that is favored for the reaches. For downwind speed, Conner may try his "Dolly" sail, a parachute-like spinnaker that Stars & Stripes acquired from the New York Yacht Club's unsuccessful America II.

As was New Zealand, Kookaburra III is expected to be quicker in tacking than Stars & Stripes. Knowing that, Whidden said, Stars & Stripes would try to capitalize on straight-line

If the winds are light, anything under 16 knots, Stars & Stripes may have to work harder at tactics to outwit the Australians. "I hope we don't start our first race in 14 knots of wind," said Whidden. "If we do, we will have to be

"We know we're in the ball park," said Fletcher of his boat's comparative speed with

is faster is fooling himself," he added. "You just have no way of knowing at this point who is going to be faster."

■ Bond Sells Boats, to Aid Japanese

Alan Bond, who won the America's Cup for Australia in 1983, said Friday he would give the Japanese about \$1.3 million to help them attempt to win the cup in 1990, The Associated Press reported from Fremantle.

Bond, the Perth millionaire who became a national hero for bringing the cup to Australia. said "it will encourage the sport of 12-meter racing to bring Japan up to the status of a viable contender." He added that "we want to sell our beer there, so there is a commercial reason as

He owns the Swan brewery in Perth. His disclosure of financial aid came at the announcement confirming a common rumor that he would sell his two cup racers, Australia III and IV, to the Japanese. The buyer, for \$7.5 million, was Masakazu Kobayashi, a businessman and yachtsman.

Asked if this meant he would no longer be a cup contestant, Bond, who has raced for the trophy five times, replied. "Yes, in all probabili-

Hess Wins Gold Medal

McKinney Gets Bronze

In Combined Skiing;

By Piero Valsecchi

CRANS-MONTANA, Switzerland - Erika Hess won her third

Figini's times on the upper part of

the 2,032-meter (2,208-yard) Mont

But Hess, who has improved dra-

matically as a downhiller this sea-

son, knew that not only was she

faster than McKinney, who has raced in just one World Cup down-

hill this season, but that the com-

bined scoring formula gave added

feel victory was in my pocket until McKinney came down," said Hess. The men's downhill was to be

held Saturday, and their combined

competition completed with the

downhill portion Sunday. Those

two races should have one of

skiing's superstars, Marc Girardelli

Girardelli dislocated his left

of Luxembourg, in the lineup.

shoulder for the third time this sea-

son in training runs Thursday. He

was back on the mountain for prac-

tice Friday, and said "the shoul-

der's O.K. I hope it holds on

But Richard Steadam, the chief

orthopedic surgeon for the U.S. Ski

Team, who worked on Girardelli's

shoulder Thursday, said surgery

weight to downhill results.

of the competition.

Lachaux course.

mor Returns Ha zill Yup, That'll Be a Cuppie It Has a Hangover, but Is Unsalted

By Stewart Slavin FREMANTLE Australia -FREMANTLE, Australia only splash of sea water.

By Barbara Lloyd New York Times Service

hurra III crew have played leading up to Satur-day's opening race of the America's Cup series, ra III.

both at sea and asnore that Murray's Kooka-Stars & Stripes team and Iain Murray's Kooka-III crew have played leading up to Satur-

According to a source close to the Kookabur-

switched boats during speed testing last week with New Zealand, the boat Conner beat to

become the challenger. Instead of pacing with Kookabura III — which will defend the America Com — the tests were made with Kooka-

Coaper, in thinking the Australians were sailing Kookaburra III, paced the two boats

sent his design team out to watch from a helicopter. Conner already knew New Zealand's speed potential from previous races, and in following the two boats as they practiced he could use the information gained as a yardstick

glowest 12-meter.

or the fact of faither on the

ice's Cup - the tests were made with Kooka-

FREMANTLE, Australia - In the games

the Koo aburras may have scored the last

burn I, the syndicate's oldest and presumably

from a distance with Stars & Stripes. He also

with which to measure the speed of Kookabur-

in the diere are Cuppies. They are easily spotted on the streets of Fremantie, wearing expensive French sunglasses which dangle from their tanned necks on plack corded chains. Their feet are adorned with trendy deckshoes, Anchor, according to Broadfield.

They swap syndicate T-shirts — French Kiss and the Gucci-de-French Kiss and the Gucci-de-signed wear of Italia are favored — Mark. The bar features 11 high-and wear slick plastic visors to fur-octane "boutique" beers especially ther shade the sun.

Some Coppies bear a resemblance to circus clowns with garish, pestelcolored zinc creams of pink, green, yellow and blue smeared on lips and noses, ostensibly to ward off sunjum. Around town, Cuppies ride mopeds and bicycles.

Few Cappies are willing to admit you read about." It to I' let I' let ' l'et (appo their new social status. In fact, when the national Australian Broadcasting Corp. did a television eport on Cuppies, two young wom-a threatened a lawarit because they ion pictured in the company of miles, the bulking football-playon America's Cup yachts.

Son America's Cup yachts.

"It's been a lot of fun," said Cuppic Julie Paulish, 26, of Washington,
be players without a program and
upples are no exception. Rob
two and one-half week visit. "It's

Cupples are between 18 and 30 always cobwchs to de Frequency of age and would never been a grant of a trappy piece of black string," troudfield said.

filmence, they may make a surrepconfusing tangle with the Bolles.

Some are said to sleep with their
letts and Betts [a shoe store], and a crinkled and

their deckies. The white rime that sweats from a yachtie's deckshoe only comes from the constant

Dickson said.

line, the Australians might have been able to

distort Conner's assessments. The switch also

could have given the Australians more time in

the boat shed to work on changes to Kookabur-

Chris Dickson, the skipper of New Zealand,

said Thursday that his team had checked to

Grant Donovan, a spokesman for the Kook-

aburra team, said that he knew of no substitu-

tion. But he did concede that the two Kooka-

burra boats are identical enough above the

waterline to carry off the ploy, and added: "We could do something like that. We're not beyond doing something like that. But not on this

Murray refused to comment. From all re-

ports the Kookaburra, whichever it was, ap-peared a bit faster upwind than New Zealand

and a bit slower downwind. But the boats were

not racing and Dickson indicated that his crew

Before the defense trials began last October, the

was not trying very hard.

"Obviously Cuppies never get their boat shoes near salt water." In their spare time, the "in" Cuppies drink at Fremantle's Norfolk Hotel, while "Cuppies-rising" quench their thirst at the Sail and

ranging in color from tan to rasp-party, that have never felt the splash of Indian Ocean water. "The Cuppies go to the Norfolk to hang out with the crows, but they come here to get smashed." said a bartender at the Sail and Anchor, brewed for the pub.

"Cuppies come in here and have three pints of Dog Bolter beer for \$8. They leave with only half a brain - that's enjoyment," Mark said. "American Cuppies are much nicer and quieter than the Australians and not brash and loud like

For those who want a souvening silversmith Conrad Chambers sells hand-beaten silver replicas of the 135-year-old mug for \$600. His shop also features foot-long (30.5 centimeter) silver replicas of cup defender Kookaburra III, detailed to its winged-keel, for \$1,600.

roadfield, manager of local radio been a withering pace with perties thou 6KY, provided some help in nearly every night until 2 A.M. I've never been hung over, but there's

They never seem without their ac-*Cuppies buy Timberland or creditation passes hanging around Outpoics buy humberland or their necks, sometimes creating a perry declashoes. In cases of lesser their necks, sometimes creating a

sty a pair of the imitation deckies. stained accreditation card around incidentally, Cuppies never the neck means they've probably ancionentative. Cuppies never the neck means they've probably see those tell-tale salt stains on taken their daily shower with it on



Villagers of the Valais area, distinctive by their traditional dress and pipes, watched countrywoman Erika Hess triumph.

jury indictment alleges that La-nier, 32, engaged "in an enter-prise to distribute" more than 1,000 pounds (453 kilograms) of marijuana over a six-year period. Assistant U.S. Attorney Michael Carr said Thursday the drug smuggling took place in southern Illinois, Kentucky, Florida, California, West Virginia, Louisiana and elsewhere.

Red Sox Sign Boggs for \$5 Million; 11 Other Players Quit Arbitration

sox said they had agreed on a three-year contract for salaries just under sould add significantly to his earn-ings each year. The contract is the second biggest ever given a Red Sox second biggest ever given a ations between Boggs and the Red sound biggest ever given a Red Sox player, the biggest being Jim Rice's four-year, \$9 million package.

career average, lost in arbitration sought the same salary as last year.

Kansas City received the biggest salary, \$600,000, which was a \$45,000 Boggs, 28, a third baseman going cut from last season. Black, who had into his sixth season with a .352 a 5-10 record with nine saves, had cases are to be argued Monday.

NEW YORK — Wade Boggs, the last year but gained an arbitrationBoston Red Son's three-time batting champion, and 11 other major less. Two years ago, an arbitrator contracts were Craig Lefferts of Other players who agreed to new league baseball players settled their salary arbitration cases Thursday.

A source familiar with the negoti
A source familiar with the negotifigure of \$1.85 million and the Red Hudson (\$305,000) of the New

> The original arbitration list of 109 cut from last season. Black, who had players has shrunk to 65. The first

consecutive gold medal Friday in the women's combined event at the Alpine Ski World Championships, as the Swiss star made a quick but careful run in the downhill portion Sylvia Eder of Austria posted the second-fastest time in the downhill and won her second straight aliver medal, while Tamara McKinney of the United States again took the bronze after having won Thursday's slalom portion of the competition. Hess, who finished third in the slalom, rocketed out of the chute and was almost two-tenths of a second ahead of pacesetter Michela

Erika Hess

Event Unloved By Most Skiers

CRANS-MONTANA, Switzerland — The combined competition, a hybrid event invented for the World Cup, has few admirers at the Alpine Ski World Championships. But television networks looking

So Hess let up and midway down she was a quarter-second behind teammate Figini's pace. Hess fin-ished in 1 minute, 25.14 seconds, to stretch programming, sponsors seeking extra advertising opportugood for third in the race and No. 1 in the combined standings.

McKinney was timed in 1:26.35, speciality do have a fondness for it. The combined is a mix of slalom

12th fastest, which left her with and a downhill that has been de-24.41 points under the formula. scribed as a television race, run on compared with Hess's 15.32 and courses that are always easier than Eder's 18.66. Vreni Schenider of those for standard downhill or sla-Switzerland, second in the slalom, lom races. It made its world chamfinished fourth at 36.49. The low pionship debut in 1982 at Schladmscore wins the gold.

Eder, fifth after the slalom, had ing, Austria, and is scheduled for next year's Olympics in Calgary, Alberta, Canada — partly because the second-fastest downhill time, 1:24.81. Figini was first, at 1:24.60. of television pressure for more "I was confident but I did not

"I don't like it much," said Heinz Krecek of West Germany, who oversees the women's World Cup circuit. "The men hate it. The women have a little fun, but for most it's just a little practice."

"Only five or six skiers are really trying for the medals," said Alan Stewart, a British ski team official. "Downhillers ski the slalom just to finish and to stay in the running. The same works in reverse.

That was demonstrated Thursday, when Liisa Savijarvi of Canada missed the second gate on the first slalom run, lost a ski and spent 50 seconds putting it back on with help from a gatekeeper. Then she skied down slowly, simply to make sure of recording a finishing time.

No matter that her two-run total of 2 minutes, 26.07 seconds was almost twice that of the winner, Tamara McKinney. Savijarvi staved in contention to compete Friday in her true race, the downhill. In that race she finished eighth, for 30th place overall.

SCOREBOARD

Basketball NBA Standings U.S. College Results EASTERN CONFERENCE Almeric Division

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WESTERN CONFERENCE

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Ento 6-15 5-11 26, Horpor 10-14 5-6 26, Doughty 4-44-5-14; Withins-16-5-5-2; Rivers 4-115-13, Rebeaute; Attento 46 (Willis 8); Clavelond 46 (L. Williams 13), Assists: Attento 15
Uvers 5); Clavelond 20 (Elbo 6).

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n T1), Assists: Portland 25 (Porter 10); A Astendary 7).

A Astendary 7).

Extragación 21 19 29 25—107

Estry 9-14-724 Thorroson 6-122-2 18; Smith

19 3-4 21; Thorroson 6-12 - 2 Rebounds; Son

timbe es (Greenwood 11); Socramente 43

Refre, Thorroson 10). Assists: Son Antenda

(Rebertson 4); Socramente 22 (Theus 9).

. Alchelo Figini, Switzerland, 2 Sylvia Eder, Austria, 1:2481 2. Svivia Eder, Austria, 1:24.01
3. Erika Hess. Switzerland, 1:25.14
4. Brightta Oeril, Switzerland, 1:25.31
5. Karin Dedler, West Germany, 1:25.77
6. Katrin Stotz, West Germany, 1:25.97
7. Christine Moler, West Germany, 1:25.97
8. Liko Savijarvi, Canada, 1:26.19
9. Natolio Belesladeva, Saviet Unian, and the Machine Austria. 1:24.25 Anito Wachier, Austria, 1:26,25 11. Koren Percy. Conada, 1:26,25 12. Tomaro McKinnoy, U.S., 1:26,25 13. Yrani Schoelder, Switzerman, 1.

12, Yearl Schneider, Switzerland, 1:26.
14. Cloudine Emonet, France, 1:26.81
15. Alichela Morsala, 1edy, 1:26.81
16. FINAL COMBINED STANDINGS
1. Hess, 13.22 points, gold medal
2. Eder, 18.65. Silver
1. Eder, 18.65. Silver

Hockey NHL Standings

Horfiero
Basto
Gavin 2 (15), Tursum 2 (5), Muzzyn (5),
Evenen (15); McCarity (23), Gradin (10),
Miller (1), Shots on east: Heriford (on Rustord) 13-11-12-36; Beston (es.Lis/) 14-11-31.
Pittsburgh 1 2-4
1 4 4-5
1 4 4-5
Paulin (15), ransus research to the control of th

Attensions 2 1 u bus Calgary Bettow (15), Ciccarell 2 (29): Patterson (A), Aujilan (20), Reinhort (12), Siets on soul: Attensions (on Lennello) 16-T1-61-38; Calga-ry (on Takto) 14-16-5-48.

America's Cup

rry (li, lefa Murray Sunday, Feb. 1 Feb. 2 Stors & Strong vs. Kookel Stors & Stripes vs. Knokel Feb. 3 Stors & Stripes vs. Knokel Feb. 4

ues) one loy day during the first four rac

Transition

BASEBALL

SAN FRANCISCO—Signed Eddle Milner.

SAN FRANCISCO—Stand Esche Alliner, quiffelder. In one-year controct.

BASKETBALL

Stational Sesterball Association
CHICAGO—Reteaud Fined Coffeld, gourd.
Signed Perry Young, gourd, to 10-day controct.

LA. CLIPPERS—Traded Rurf Nitembles, gravers-counter, to Detroit for first- and sec-end-round selections in the 1987 draft.

POOTBALL. FOOTBLE Lengek

MONTREAL—Named Affine Foresoff in
sing back and receiver coach; Bob Swith offer
sive line coach; Revin Offerind electests so
ondary crock; Ardell Wieganst linebacks

Mellenel Hockey League DETROIT—Said Doug Halward, defen DETRUIT :— Sond Dougle Production Communication by sidellined eight to 18 weeks.

MONTREAL—Recoiled Gilles Thibusdeau, carlete, from Simitarooks of the American Hockey Lagoue.

N.Y. ISLANDERS—Recoiled Royden Guns,

Largue, Called up Ray Alliam, right wing. John Stevens, defensemen, and Mark Freer, Center, from Hershey.
PITTSBURGH—Sent Roberts Remone. sootlender, and Chris Dahlquist, delensemer to Ballimore, American Hodary Lausus. Re called Steve Guenatie, goodhander, from Balli

COLLEGE

the secson.
EVANSVILLE—Announced that Olot Blab, center, has frausferred from Indiana.
KANSAS STATE—Announced that Howard Bonspr, potter, has suit the beans LOUISIANA STATE—Billy Manwell, track LDUIS/ANASYATE—Bitly Magneti, trea-and fleid tooch, resigned, florance Som Seemes offine truck and field couch. OHIO STATE—Announced the resignation of All Blancu, sociar couch. PITTSBURGH—Declared Brian Devis, run-

SYRACUSE—Numes Jim Haller offensive

Caldwell Leads Former Crosby By 1 Shot After First Round

the golf tournament only because end a two-year non-winning streak. he received a sponsor's exemption. The group at three-under-par in-shot a no-bogey, five-under-par 67 cluded Payne Stewart, John Ma-Thursday for a one-shot lead after halfey, Dan Pohl, Willie Wood, jumps the first round of the Pebble Beach Roger Maltbie, Bill Sander, Isao But National Pro-Am. Former British Open champion

Sandy Lyle of Scotland, Lamy Wadkins, Tom Byrom and John Adams shot 68. Wadkins and Lyle played at Spyglass Hill, probably the most difficult of the three courses on the Monterey Peninsula, while Adams and Byrum played at Pebble Beach in the chilly breeze. Tom Watson, twice a winner of

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PEBBLE BEACH, California — known as "The Crosby," shot 69 at Cypress Point as he attempted to Aoki of Japan, Ken Green and Richard Zokol of Canada. Stewart had shared the lead until he hit his approach into an unplay-

able lie and made double bogey. PGA champion Bob Tway, who started his round with a 7. British

would be necessary, probably after However, Steadam added, if the shoulder is reinjured. Girardelli Open champion Greg Norman of might decide to end his season ear-Australia, Jack Nicklans and Lee by and undergo surgery immediate-

(Continued From Back Page)

Trevino each shot par 72. Defending ly at the doctor's clinic in Lake champion Fuzzy Zoeller was at 73. Tahoe, Nevada. INTERNATIONAL CLASSIFIED

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> Mississipol 74, Kenhuchy és
> Tru, Chotimonoge 87, Furman é4
> W. Kenhuchy 76, Seath Floride 99
> MIDWEST
> Cincinneit 75, Xavier, Othe 72
> Dayton éé, Layele, III. éé
> Illineis St. St. Druise 51
> jowa 99, Michigon St. 73
> Michigon 92, Minnesatta é6
> Notre Danne 58, Marquette éP
> Purdue 75, Otho 51, 73
> S. Illinois 70, Indiana 91, 66
> Wichita St. é6
> Brodley éé
> SOUTHWEST

HTUGE

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Conzado BS. 5m Frencisco Sf. 5m St. 5m

(At Grass Montane, Suitserland) WOMEN'S COMBINED DOWNHILL

(At Francolle, Australia) FINALS

BASEBALL
Asserting Loopus
SEATTLE—Agreed to terms with Steve
Firsteriol, bitcher; Rich Repharto, britisation,
and John Moses and Davie Hengel, outflettiers,
on one-year contracts.
TEXAS—Resched an egreement with Scatt
Chicket, supplying a temperature contract.

MONTREAL—Signed Andy McGaffren, pitcher, to any-year cantroct. Signed George Wright, autifielder, to are-year minor-loque cantroct. Named George Bamberger minor-league pitching consultant.

NEW YORK—Named Bob Guzik scaut. Invited Tom Burns, Terry Laoch, Tom McCortty, Bob Buchanan, pitchers; Gree Otsan, coicter, and Al Padrique, infiniter, to spring training.

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Welcome to a Vienna Memoir

By Elizabeth Ayre

PARIS — In Alsace in 1944, even though he was in an American soldier's uniform, Georg Stefan Troller was arrested by U.S. military police who heard him speaking German as he recited Goethe's poetry in a snowy wood. After verifying that he was an American soldier, the U.S. authorities released him.

Troller, a Viennese-born Jew who fled Austria for the United States in 1938 and returned with the U.S. Army to participate in the liberation of Europe, has often faced situations in which his identity has been at issue.

Identity, not only his own but also that of postwar Vienna, is a central theme in Troller's autobiographical trilogy that the Austrian director Axel Corti has drawn on for three films shot over the past 10 years. The three films are being shown

"Vienne pour Memoire" during this and the next two weekends at the Théâtre des Amandiers, in the Paris suburb of Nanterre. The final film in the trilogy, "Welcome in Vienna," opened in Paris to critical acclaim in Octo-

A low-budget film with a cast of unknowns for the most part,

"Welcome in Vienna" provides one of the most realistic glimpses into postwar Vienna that a nondocumentary film can offer. Troller's film was initially shot on 16mm to be broadcast on Austrian television in the fall of 1985;

it was shown in West Germany and Switzerland in the spring of 1986. It was converted and released in France four months after Kurt Waldheim's election to the Austrian presidency, which roiled debate in a nation where many people preferred to gloss over World War II activities. "Pure chance," said Troller dip-

lomatically. He was sitting in his Paris office, where he works as a correspondent for ZDF, the German television network, which financed 75 percent of "Welcome in Vienna." The film was commissioned by ORF, the Austrian tele-

Troller, a burly, bearded man of 65, is currently writing his mem- days - renewable."



Georg Stefan Troller; a scene from "Santa Fe," the second part of his film trilogy.

oirs, which he wants to be as funous past," he said.

Troller grew up in Vienna's up-per-class 19th district. The son of a furrier, he remembers being the only child on the street whose family owned a car. "I consciously enjoyed my childhood," he re-called wistfully, "yet, unlike most children, I knew fully well that it wouldn't last, In Vienna, you seemed to enjoy yourself under the wing of death."

The shock of discovering in

1938 just how many of his friends, teachers and neighbors secretly belonged to the Nazi Party and to the Hitler Youth marked him deeply. Both organizations had been illegal until the Anschluss unified Austria with Germany in March of that year.

Troller's first book in the trilogy, "An Uns Glaubt Gott Nicht Mehr" (God Has Forsaken Us), which Corti adapted for film in 1981, chronicles the Anschluss and Troller's years of dodging Nazi authorities - by means of a false visa for Uruguay — through Czechoslovakia, Yugoslavia, Hungary, Italy and France.

In France, he was stripped of identity papers save a receipt from the Paris prefecture marked "14

He and his family were sent to ny as possible. "Laughing is the internment camps in Boulogne-only way to deal with such a seri-sur-Mer. When German forces invaded France in May 1940 ("You may join your compatriots when they arrive," the camp commander announced to the prisoners), he escaped to Marseille and reached New York in September 1941.

Troller, who rarely left the city's limits, equated all of the United States with the concrete carapace of New York. "New York is beantiful—at night, or when it's blan-keted with snow," the main char-acter says in "Santa Fe," part two of the milogy, which is about the dreams of a refugee in New York. (It wasn't until 1946 when Troller returned to New York and hitchhiked cross-country to study the-ater at the University of Califor-nia at Los Angeles that he

witnessed America's green.) He eked by on \$20 a week working in a factory assembling cos-tume jewelry. The dressing room of a tiny theater was his home, reading Goethe and Schnitzler his chief pastime.
"People expected me to be de-

liriously happy. I had finally made it to America. And I was happy to have been saved. But I had been a budding intellectual in Vienna, and in New York I was living as a proletarian in a room without a

Army in 1943, he was denounced by a fellow recruit as Hitler's friend ("Yeah, he's my best buddy," Troller had sarcastically quipped). By 1944, however, he was back in Europe and bursting to show the Austrians the stuff he

"The war was an adventure. We had liberated Rome and had invaded France. Then slowly we came closer to Germany and Austria, and I had to make some decisions about who I was and where I

"All I could ask was "Who am I?' I still ask myself this question

Troller felt American, especial-ly in uniform. "People live in Germany or France for years and they never feel like they're natives. In America, the challenge is immediate: You ought to be American; you live here and you make your money here. This is America's strength - to make you feel like you belong."

"When I got to Austria, I thought By God! Here I am, and I'm going to show you people!'
But I then realized how much I really loved this place. I felt as if I were part of a winning show in America, but in Vienna - well, this was me."



Compromise, opportunism and the black market flourished among the shambles of occupied Vienna as people sought to bury the past seven years and get on with their lives. He was welcomed as a U.S. soldier, for the Americans were on the winning side. But out of uniform, he was merely the embodiment of a collective guilty

Troller returned to Vienna in 1949 but remained there only two months. "The decision to leave tore me in two: It was my hometown, yet I knew that I was sur-rounded by Nazis." He settled in Paris, where he now lives with his second wife (who is German) and his daughter:

Reactions to "Welcome to Vienna" have been mixed: It elicited a flurry of generally positive re-views in the French and West German press. It was virtually ignored in Austria.

two of which were about six lines long," Troller said. "I was expecting some kind of gut reaction, and there was nothing. Only a few let-ters to Axel Corti calling him a Jewish pig — and he's not even Jewish!" The films have also generated

another kind of response.

After years of silence, the man

who was Troller's closest boyhood friend in Vienna called from Australia to say that he had just seen part one of the trilogy on televi-sion. He, too, had fled Austria in 1938 and relived his experience through the film. "And today, I received a letter,"

Troller said as he rummaged through a stack of papers on his desk. "It's from a woman who writes Do you remember me? I was in the train when you were fleeing Vienna for Prague in 1938!' I'm going to meet her

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PEOPLE A Question of Class

A federal judge has thrown out a ri state legislator on the same day countersuit filed by a man found to she announced she was leaving have barassed a coach passenger "Dallas." Principal went to Jefferhave harassed a coach passenger trying to use the first-class bathroom on a jetliner. Wellington Ste-phens, of New York, a first-class passenger on a TWA flight from New York to San Francisco in April 1985, got upset when he saw See Vaccare of Emeryville, Californis, an economy-class passenger, approaching the same bathroom he was heading for. Vaccaro, who had been directed to first class by a flight attendant because the ing this thing through just because usies in coach were blocked by food carts, said Stephens shouted at her, using racial slurs, and shoved her away from the bathroom before entering. Stephens de-nied it, but a U.S. District Court jury this month awarded Vaccaro \$5,000 for assault and battery, intentional infliction of emotional distress, slander and negligence, and \$3,000 in punitive damages. The jury rejected Stephens' countersuit claiming. Vaccaro caused him to be wrongfully arrested when the plane landed. A second countersuit countersuit claiming the plane landed and the plane landed are second countersuit. tersuit fared worse. In it, Stephens contended his first-class ticket gave him a legal right to use the first-class bathroom, and that Vaccaro had trespassed on that right by ob-structing his access. U.S. District Judge Samuel Conti dismissed the countersuit and ruled that it was frivolous. He ordered Stephens' lawyers to pay Vaccaro \$4,980 for her costs in defending against the

Richard Nixon's Watergate files, sealed for more than 12 years, will be opened to public scrutiny May 4 unless objections block the release —as they have before. The National Archives notified President Ronald Reagan, Nixon and about 100 others who asked to be told, of its plan to unseal 1.5 million pages that made up the White House Special Files. Incinded are those of 37 Nixon aides, including Charles W. Colson, John W. Dean, John D. Ehrlichmen and H.R. Haldeman, who served prison terms in the Watereate scandal aftermath, and Patrick Buchanan — then a speechwriter, now the Reagan White House communications director.

of a snide comment from a Missou- nearby Portland in March.

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son City, Missouri, to urge a legis-lative committee to approve a bill that would allow people to use Medicaid funds to pay for certain kinds of arthritis medicine. The talk by Principal, who is the national campaign chairwoman for the Arthritis Foundation, may have helped the measure to pass by a 7-2 vote. But Representative Todd Smith was unhappy. "We're shovsome skinny actress in a stretch limousine comes here," he said. Principal had indeed come in a white stretch limousine provided by a limo service owned by another lawmaker. Principal, 37, also announced she was ending her nine-year stint as the long-suffering Pam Ewing on "Dallas" after this sea-son. She wants to pursue other acting roles.

A Chilean opposition journalist simultaneously learned be had won an international journalism prize and been sentenced to three years' night-time police custody for slan-dering President Augusto Pinochet. Juan Pablo Cardenas, editor of Aualisis magazine, said he learned of the sentence at the same moment he was told he had won the 1986 Golden Pen of Liberty Award from the International Federation of Magazine Editors. Cardenas, who has been jailed three times before. said he was sentenced to spend every night for the next three years at a local jail because of charges aris-ing from an Analisis article pub-lished last July.

The Duke and Duckess of York, who have been bunting for a home since their wedding last July, have decided to live in a five-bedroom 19th-century manor house in Dorset, Buckingham Palace says. Chidecock Manor in Bridport, 120 miles southwest of London, is being lent to the royal couple by Charles Weld, who lives in London because he finds the house too big for him, palace officials said. The duke, 26-year-old Prince Andrew, the second son of Queen Elizabeth II, and his wife, the former Sarah erguson, are expected to move be-Victoria Principal was the target forc Andrew starts naval duty at

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